



MISSOURI



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

STATE OF MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Fiscal Year Ended June 30, 2017



ERIC R. GREITENS
Governor

SARAH H. STEELMAN
Commissioner
Office of Administration

STACY NEAL
Director
Division of Accounting

Prepared by
Office of Administration, Division of Accounting

On the Cover:

State Capitol, Jefferson City, Missouri, 1990s; *Department of Economic Development, Division of Tourism*, Record Group 104; Missouri State Archives.

Lake of The Ozarks, Lake Ozark, Missouri; *Department of Economic Development, Division of Tourism*, Record Group 104; Missouri State Archives.

Dogwood, 2005; *Department of Economic Development, Division of Tourism*, Record Group 104; Missouri State Archives.

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STATE OF MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017

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*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that influence these activities.*

Eric R. Greitens
Governor



Sarah Steelman
Commissioner

State of Missouri
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Stacy Neal
Director

January 25, 2018

The Honorable Eric R. Greitens
The Honorable Members of the Legislature
Citizens of the State of Missouri

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report (CAFR) of the State of Missouri for the fiscal year ended June 30, 2017. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents.

The report is prepared to show the financial position and operating results of the State. The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

An annual audit of the basic financial statements is completed each year by the State Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her opinion has been included in this report. The State Auditor conducts a "Single Audit" of all federal funds in accordance with the Federal Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform guidance).

A narrative introduction, overview, and analysis of the basic financial statements is presented in the *Management's Discussion and Analysis (MD&A)* section of this report. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

Missouri was organized as a territory in 1812 and was the second state (after Louisiana) of the Louisiana Purchase to be admitted to the Union. Statehood was granted on August 10, 1821, making Missouri the 24th state. The State encompasses 68,945 square miles.

The State operates under three branches of government: executive, legislative, and judicial. The executive branch consists of the Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, and Attorney General. The legislative branch consists of 34 members of the Senate and 163 members of the House of Representatives. The judicial branch is a three-tier court system: the Supreme Court, the State's highest court, has statewide jurisdiction; a court of appeals that consists of districts established by the General Assembly; and a system of circuit courts that has original jurisdiction over all cases and matters, civil and criminal.

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

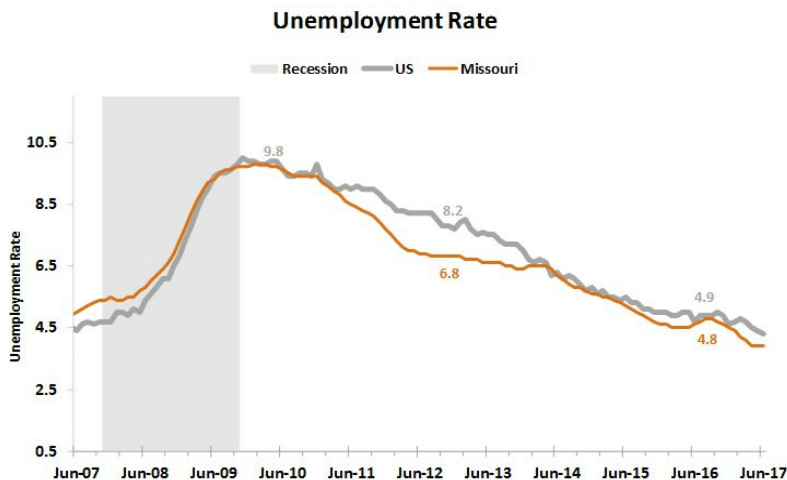
The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgets are established at the program level. Expenditures cannot exceed the individual appropriation amount. The Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Article IV, Section 27 of the Missouri Constitution, amended in 2014, requires the Governor to notify the General Assembly if the Governor reduces allotments when it appears revenues will be less than estimated. This Section then gives the General Assembly the authority to overturn any of the Governor's restrictions with a two-thirds vote, similar to the procedure to overturn a veto. Unexpended appropriations lapse at the end of each fiscal year, unless reappropriated to the following budget fiscal year.

The financial reporting entity of the State includes all of the funds of the primary government as well as component units for which the State is financially accountable. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

ECONOMIC CONDITION AND OUTLOOK

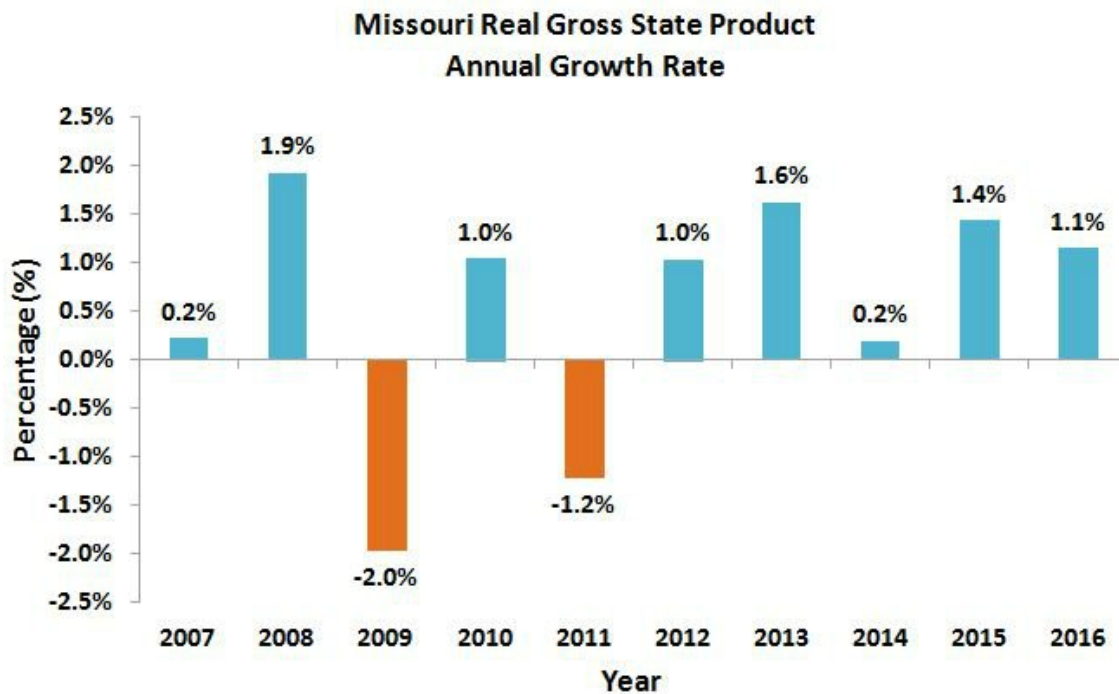
State Economy

Missouri's annual growth rate maintains an upward trend nearly 7 years after the recession. The expansion after the recession that ended in the summer of 2009 has continued despite European fiscal and geopolitical troubles, volatile stock markets, and national policy uncertainty. Between June 2016 and June 2017 Missouri added over 46,600 jobs, a 1.6% employment growth. The healthcare and social services industry, alone, added 8,146 jobs during 2016. As of June 2017, Missouri's unemployment rate was 3.8%, the lowest it has been since September 2000 and also lower than the U.S. unemployment rate of 4.5% as shown in the following graph.



Source: MERIC 2017 Missouri Economic Report

Missouri's gross domestic product (GDP) increased 1.1% from 2015 reaching \$263.9 billion in 2016. Nationally, GDP increased 1.5% over the same period. From 2012 to 2016, Missouri industries produced a total \$11.3 billion more in goods and services, growing at an annualized 1.1% per year. The graph below shows the annual growth rate for Missouri Real Gross State Product.



Source: MERIC 2017 Missouri Economic Report

Long-Term Financial Planning

During the 2014 legislative session, the legislature passed Senate Bill 509 and Senate Bill 496, relating to changes to the State's income tax structure. The legislation reduced the maximum tax rate on personal income, created an income tax deduction for business income as well as increased a personal exemption for individuals that have an adjusted gross income of less than \$20,000. The implementation of the tax cut is gradual with a 0.10% decline each calendar year and will go into effect following fiscal years where net general revenue collections grow at least \$150 million. Estimates indicate that the bills will cost at least \$620 million annually once fully in effect, which will occur in fiscal year 2023 at the earliest, due to a phased implementation. General revenue growth for fiscal year 2017 triggered the income tax reduction in tax year 2018. The estimated income tax revenue reduction for fiscal year 2018 is \$80 million.

The State has continued to implement a program of renovating capital assets by issuing bonds at historically low interest rates. The Board of Public Buildings (BPB) issued Series A 2017 bonds for \$77,165,000 in September 2017, utilizing Senate Bill 723 authorization. Senate Bill 723 authorized the Board to issue \$314.3 million in bonds to provide continued funding for capital improvement projects for the State Capitol Building, State buildings, Veteran's homes, Correctional facilities, State Parks, and State educational institutions. Additional series of BPB bonds are expected to be issued within the next year.

Relevant Financial Policies

Article X, Sections 16-24 of the Constitution of Missouri (the “Tax Limitation Amendment”), imposes a limit on the amount of taxes that may be imposed by the General Assembly in any fiscal year. This limit is tied to total state revenues for fiscal year 1981, as defined in the Tax Limitation Amendment and adjusted annually based on a formula, which is tied to increases in the personal income of Missouri for certain designated periods. If the revenue limit is exceeded by one percent or more in any fiscal year, the excess revenue will be refunded based on the liability reported on state income tax returns. If the excess revenue collected is less than one percent of the revenue limit, the excess revenue shall be transferred to the General Revenue Fund.

The revenue limit can be exceeded by a constitutional amendment duly adopted by the people or, if the General Assembly approves by a two-thirds vote, an emergency declaration by the Governor. Strong economic growth resulted in revenues above the total state revenue limit in fiscal years 1995-1999. The State has refunded to income taxpayers \$979 million in excess revenue for these fiscal years. The revenue limit was not exceeded in fiscal years 2000 through 2017, inclusive. The State is currently \$4.0 billion below the limit and does not expect the limit to be exceeded in fiscal year 2018.

Major Initiatives

Missouri will continue to focus on streamlining government functions and investing in its citizens. Major initiatives include a focus on education and the well-being of Missouri citizens.

Education. Missouri continues to invest in education. The fiscal year 2018 budget passed by the legislature fully funded the K-12 Foundation Formula. Additionally, House Bill 93 establishes four adult high schools to be operated by a Missouri nonprofit organization. An "adult high school" is defined as a school for an individual who is at least 21 years old without a high school diploma, offers industry certification programs that include a high school diploma and provides on-site childcare for students. Missouri is also working with private sector partners to enable every public school in the State to build the infrastructure for quality internet access. The legislature appropriated \$6 million, which enables the State to receive \$39 million in matching federal E-Rate funds for the schools.

Health. Senate Bill 139 protects the MORx program. The program helps low-income Missourians pay for their prescription drugs. The entire MORx program was scheduled to expire in August 2017. Senate Bill 139 extended the MORx program until at least 2022.

Review of Regulations. Executive Order 17-03 directed each state agency to undertake a review of state regulations under its jurisdiction within the Code of State Regulations. With this review, each state agency is to encourage the public to submit comments to identify ineffective, unnecessary, or unduly burdensome rules on citizens, stakeholders, regulated entities, businesses, those working for the State, or other parties. By June 30, 2018, every state agency shall take action necessary to repeal or to cease rulemaking for any regulation that does not meet the criteria of the Executive Order.

Review of Tax Code. Executive Order 17-07 creates the Governor's Committee for Simple, Fair, and Low Taxes. The goals of this committee is to compare Missouri's tax credit programs and tax rates with peer states, to assess the economic impact of existing tax credit programs, to assess the possibility of financing cuts to state tax rates and tax credit programs, and to provide recommendations for comprehensive tax reform legislation.

2017 Tax Legislation. During the 2017 legislative session, the General Assembly passed one tax related bill that will have an impact to the general revenue funds. Senate Bill 16 exempts delivery charges from sales tax. The official fiscal note estimate was that the bill could cost more than \$100,000; however, after further review, the cost is believed to be significantly higher and some estimates put the cost at \$2.3 million or more per year.

ACKNOWLEDGEMENTS

While the Office of Administration, Division of Accounting, is responsible for the contents of this report, no one division could do it alone. Many people were involved in the compilation of materials necessary to complete the report.

We want to issue a special thanks to all the personnel at the State agencies who provided us with information quickly and accurately so that we could issue the CAFR in a timely manner. We also owe thanks to the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, Information Technology Services Division, and the State Printing Center. We appreciate all their efforts.

Sincerely,

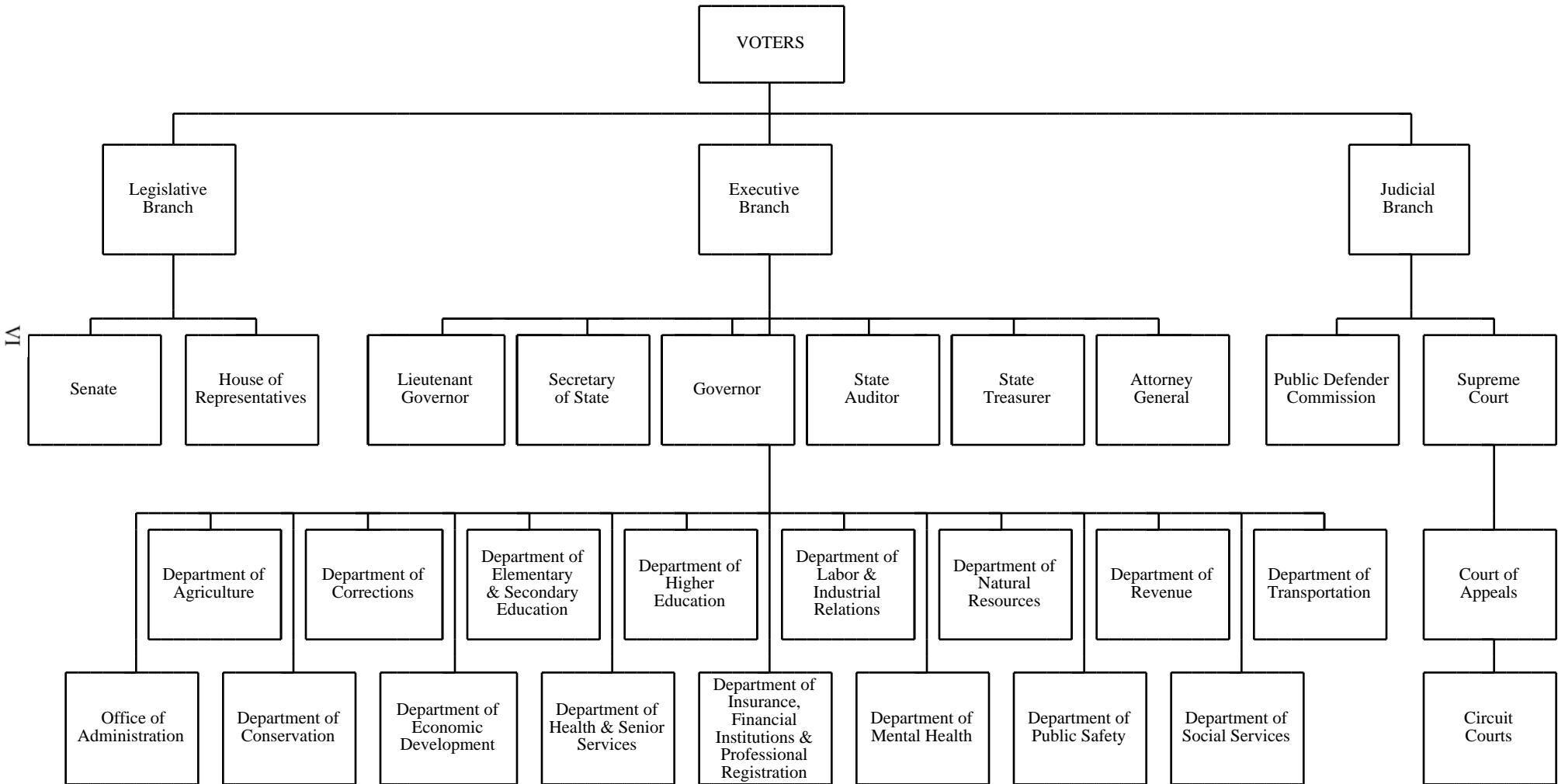
A handwritten signature in black ink that reads "Stacy Neal". The signature is written in a cursive, flowing style.

Stacy Neal, CPA
Director

STATE OF MISSOURI

ORGANIZATIONAL CHART

June 30, 2017



STATE OF MISSOURI
PRINCIPAL STATE OFFICIALS
as of June 30, 2017

EXECUTIVE

Eric R. Greitens
Governor

Michael L. Parson
Lieutenant Governor

John R. Ashcroft
Secretary of State

Nicole Galloway, CPA
State Auditor

Eric Schmitt
State Treasurer

Joshua D. Hawley
Attorney General

LEGISLATIVE

Ron Richard
President Pro Tem of the Senate

Todd Richardson
Speaker of the House of Representatives

JUDICIAL

Patricia Breckenridge
Chief Justice of the Supreme Court



*The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Supplementary Information.*



NICOLE GALLOWAY, CPA

Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Eric R. Greitens, Governor
and
Members of the General Assembly

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the state's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain entities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. Those entities were:

1. The Missouri Road Fund, a major fund; the Missouri Road Bond Fund; the Transportation Self-Insurance Plan; the Missouri State Employees' Insurance Plan; the Missouri Consolidated Health Care Plan; and the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan which represent 77 percent of the assets and 11 percent of the revenues of the governmental activities.
2. The State Lottery and the Petroleum Storage Tank Insurance Fund which are both major funds and represent 14 percent of the assets and 69 percent of the revenues of the business-type activities.

3. The aggregate discretely presented component units.
4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation agency funds which represent 93 percent of the assets and 97 percent of the additions of the fiduciary funds.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Missouri State Employees' Insurance Plan and the Missouri Consolidated Health Care Plan, internal service funds; the Missouri Development Finance Board and the Missouri Agricultural and Small Business Development Authority, discretely presented component units; and the pension (and other employee benefit) trust funds were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions on the governmental activities and the General Fund opinion units and our unmodified opinions on all remaining opinion units.

Basis for Qualified Opinions on the Governmental Activities and the General Fund

We were not allowed access to tax returns and related source documents for income taxes. Access was denied based on the Department of Revenue's interpretation of the decision rendered by the Missouri Supreme Court in the case of *Director of Revenue v. State Auditor* 511 S.W.2d 779 (Mo. 1974). Approximately 28 percent of governmental activity revenues and 33 percent of General Fund revenues are from this source. We were unable to satisfy ourselves by appropriate audit procedures as to the income tax revenue beyond the amounts recorded.

Qualified Opinions

In our opinion, based on our audit and the reports of other auditors, and except for the possible effects of the matter described in the "Basis for Qualified Opinions on the Governmental Activities and the General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the state of Missouri, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund excluding the General Fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, for the fiscal year ended June 30, 2017, the state of Missouri implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the Budgetary Comparison Schedule-General Fund, Major Special Revenue Funds; the Schedule of Changes in Net Pension Liability and Related Ratios; the Schedule of Proportionate Share of the Net Pension Liability; and the Schedule of State Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The supplementary information, as listed in the table of contents, and the other information, which consists of the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

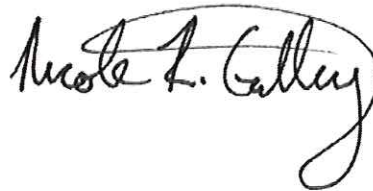
The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, and except for the possible effects on the supplementary information of the matter discussed in the "Basis for Qualified Opinions on the Governmental Activities and the General Fund" paragraph, the supplementary information, as listed in the table of contents, is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The information in the introductory and statistical sections has not been subjected to the audit procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, our report dated January 25, 2018, on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Single Audit Report. The purpose of our report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the state of Missouri's internal control over financial reporting or on compliance. Our report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the state of Missouri's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is written in a cursive style with a large, looping "G" at the end.

Nicole R. Galloway, CPA
State Auditor

January 25, 2018



The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State.

Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's financial activities for the fiscal year ended June 30, 2017. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-Wide:

- *Net Position.* Assets and deferred outflows of the State of Missouri exceeded liabilities and deferred inflows at the close of fiscal year 2017 by \$29.1 billion. Of the \$29.1 billion, “unrestricted net position” is reported as a negative \$5.0 billion, offset by \$4.1 billion in “restricted net position” and \$29.9 billion net investment in capital assets.
- *Changes in Net Position.* The State's total net position increased by \$151.0 million in fiscal year 2017. Net position for governmental-type activities decreased by \$4.9 million.
- *Excess of Revenues over (under) Expenses.* During fiscal year 2017, the State's total revenues of \$27.1 billion were \$150.3 million greater than total expenses of \$26.9 billion (excluding claims adjustments, capital contributions, transfers, and extraordinary items). Of these expenses, \$15.0 billion were covered by program revenues. General revenues, generated primarily from various taxes, totaled \$12.0 billion.

Fund-Level:

- *Governmental Funds – Fund Balance.* At the close of fiscal year 2017, the State's governmental fund assets exceeded liabilities by \$5.1 billion, a decrease of \$152.2 million or 2.9% from the prior year. The decrease was due to the net effect of several factors. Taxes increased \$327.1 million primarily from an increase in individual income tax and sales and use tax received. Contributions and Intergovernmental revenue increased \$237.4 million due to an increase in Medicaid and Other Assistance Programs and consequently related expenditures in human services also increased by \$592.2 million. Education expenditures also increased by \$178.6 million primarily due to an increase in funding for State K-12 schools.
- *General Fund – Fund Balance.* At the end of the current fiscal year, the State's General Fund reported a balance of \$1.4 billion.

Additional information regarding individual funds begins on Page 10.

Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable decreased \$317.6 million, or 9.3%, over the prior year. The outstanding bonds payable represents 33.7% of financial assets (cash, receivables, and investments) and 7.4% of total assets. Missouri Department of Transportation called Series 2006-Refunding and Series 2007 bonds resulting in a decrease of \$117,825,000. Missouri Development Finance Bond for the Fulton State Hospital Project Series 2016 was issued in the amount of \$97,225,000. Additionally bond payments of \$297,025,000 were made during the fiscal year. Additional detail is available in *Note 12*.

Revenue Limit:

- The State Constitution limits the State's ability to retain revenue collected over an amount set by a constitutional amendment known as Article X. Excess revenue of 1.0% or more must be refunded to the taxpayers each year. During fiscal year 2017, the State did not exceed the revenue limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The State's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the State's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as *net position*. Increases or decreases in net position may serve as a useful indicator of the State's financial position.

The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

Governmental Activities are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

Business-Type Activities are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing or operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and insurance coverage. Also included are the operations of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds.

Discretely Presented Component Units are operations for which the State has financial accountability, but are legally separate. They include the college and universities, Missouri Development Finance Board, Missouri Agricultural and Small Business Development Authority, Missouri Transportation Finance Corporation, and Missouri Wine and Grape Board.

Fund Financial Statements:

The fund financial statements present more detailed information about the government's operations than the government-wide statements. The State uses fund accounting to ensure and demonstrate compliance with statutory requirements. The funds of the State can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds. Governmental funds are used to account for most of the basic services provided by the State. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources and utilize the modified accrual basis of accounting. This presentation focuses on when cash will be received and disbursed making the statements useful in evaluating a government's financing requirements in the near future.

Governmental funds include the general, special revenue, capital projects, debt service, and permanent funds. Major funds include general, public education, conservation and environmental protection, and the Missouri Road Fund which are presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in supplementary information.

A user can compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. A reconciliation to facilitate this comparison is provided on the page immediately following each governmental fund financial statement.

Proprietary funds. Proprietary funds are used to account for activities similar to private businesses in which goods and services are sold for specified fees. Generally, the State uses enterprise funds to account for activities that provide goods and services to the general public. These include constructing or operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, and publishing maps and documents. Also included are the operations of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health care plans, as well as administrative services for other state agencies, such as fleet management, data processing, and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds focus on economic resources and utilize the full accrual basis of accounting. The proprietary fund financial statements provide separate information for the State Lottery, Unemployment Compensation, and Petroleum Storage Tank Insurance, which are considered major enterprise funds. Non-major enterprise funds are also combined into a single column for aggregated presentation. All internal service funds are combined into a single column in the proprietary fund financial statements. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements in supplementary information.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside State government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The fiduciary funds are presented using the full accrual basis of accounting.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) including a budgetary comparison schedule for the General Fund and major special revenue funds. Other supplementary information includes the combining statements for the general, non-major governmental, non-major enterprise, internal service, fiduciary, and non-major component unit funds. It also includes the statistical section as well as budgetary comparison schedules for the Missouri Road Fund, non-major special revenue, debt service, and permanent funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position:

The State's total net position increased \$151.0 million or 0.52% during fiscal year 2017. Net pension liability increased \$1.3 billion and related deferred outflows of resources increased \$1.0 billion. This increase was mainly due to changes in pension plan assumptions and differences between projected and actual earnings on pension plan investments. Capital assets increased \$237.3 million mainly in construction and infrastructure in progress. Construction in progress increased \$64.2 million for Fulton State Hospital and Board of Public Buildings bond projects which were issued to improve the capital assets of the state. Net investment in capital assets and restricted net position, which do not represent resources available to pay day-to-day operating expenses, increased by \$333.2 million or 1.0%. The net investment in capital assets and restricted net position, components of net position, increase was primarily due to the increase in capital assets of \$237.3 million and a decrease in related outstanding bond and capital lease obligation of \$317.1 million.

Net investment in capital assets, which includes capital assets, bonds payable, and capital lease obligations, is the largest component of the State's net position at \$29.9 billion or 103.0%. These assets include construction in progress, software in progress, infrastructure in progress, land, easements, land improvements, buildings, equipment, software, and trademarks which are not easily converted to cash or readily available to pay state debts as they come due.

Restricted net position of the primary government totaled \$4.1 billion or 14.1% of total net position vs. 15.1% from the prior year. Net position is restricted for several reasons including constitutional, legal, enabling legislation, or external requirements. Examples of restricted net position include lottery proceeds restricted for public education, funds restricted for debt service, and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

The following table displays the current and prior year government-wide condensed Statement of Net Position.

STATEMENT OF NET POSITION						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016*	2017	2016*	2017	2016*
ASSETS:						
Current and Other Assets	\$ 8,167,498	\$ 8,177,416	\$ 1,118,929	\$ 956,187	\$ 9,286,427	\$ 9,133,603
Capital Assets, Net	32,678,572	32,460,034	117,371	98,625	32,795,943	32,558,659
<i>Total Assets</i>	<u>40,846,070</u>	<u>40,637,450</u>	<u>1,236,300</u>	<u>1,054,812</u>	<u>42,082,370</u>	<u>41,692,262</u>
DEFERRED OUTFLOWS:	<u>1,803,875</u>	<u>830,259</u>	<u>49,219</u>	<u>17,636</u>	<u>1,853,094</u>	<u>847,895</u>
LIABILITIES:						
Other Liabilities	1,665,528	1,563,850	28,818	22,433	1,694,346	1,586,283
Long-Term Liabilities	12,690,029	11,598,513	317,412	266,026	13,007,441	11,864,539
<i>Total Liabilities</i>	<u>14,355,557</u>	<u>13,162,363</u>	<u>346,230</u>	<u>288,459</u>	<u>14,701,787</u>	<u>13,450,822</u>
DEFERRED INFLOWS:	<u>161,028</u>	<u>167,039</u>	<u>1,399</u>	<u>2,095</u>	<u>162,427</u>	<u>169,134</u>
NET POSITION:						
Net Investment in Capital Assets	29,814,122	29,255,865	117,243	98,320	29,931,365	29,354,185
Restricted	4,106,445	4,348,001	3,635	6,104	4,110,080	4,354,105
Unrestricted	(5,787,207)	(5,465,559)	817,012	677,470	(4,970,195)	(4,788,089)
<i>Total Net Position</i>	<u>\$ 28,133,360</u>	<u>\$ 28,138,307</u>	<u>\$ 937,890</u>	<u>\$ 781,894</u>	<u>\$ 29,071,250</u>	<u>\$ 28,920,201</u>
*Fiscal year 2016 amounts have been restated.						

Changes in Net Position:

The schedule below reflects how the State's net position changed during the year. The State collected program revenues of \$15.0 billion and general revenues of \$12.0 billion for total revenues of \$27.1 billion during fiscal year 2017. Expenses for the State during fiscal year 2017 were \$26.9 billion. Total net position, net of contributions and transfers, increased by \$151.0 million.

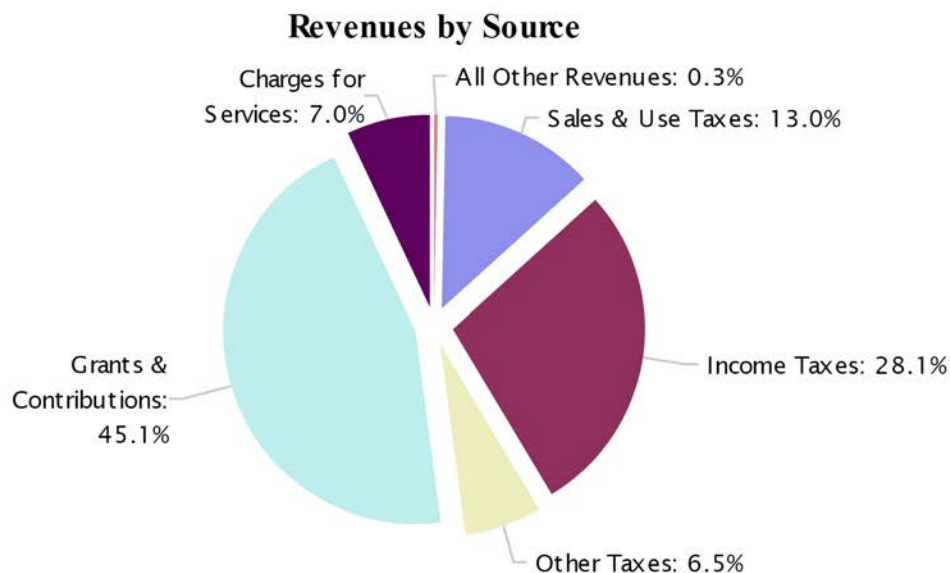
The following table displays the current and prior year government-wide condensed Statement of Activities.

STATEMENT OF ACTIVITIES (In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016*	2017	2016*	2017	2016*
REVENUES:						
Program Revenues:						
Charges for Services	\$ 1,745,361	\$ 1,612,472	\$ 1,423,190	\$ 1,383,857	\$ 3,168,551	\$ 2,996,329
Operating Grants and Contributions	10,403,733	10,178,230	552,848	677,118	10,956,581	10,855,348
Capital Grants and Contributions	923,748	917,255	—	—	923,748	917,255
General Revenues:						
Sales and Use Taxes	3,267,442	3,112,912	—	—	3,267,442	3,112,912
Income Taxes	7,041,355	6,735,687	—	—	7,041,355	6,735,687
Other Taxes	1,638,465	1,570,924	—	—	1,638,465	1,570,924
Other Revenues	73,613	85,439	13,156	11,420	86,769	96,859
<i>Total Revenues</i>	<u>25,093,717</u>	<u>24,212,919</u>	<u>1,989,194</u>	<u>2,072,395</u>	<u>27,082,911</u>	<u>26,285,314</u>
EXPENSES:						
General Government	1,179,908	1,081,421	—	—	1,179,908	1,081,421
Education	7,094,386	6,902,930	—	—	7,094,386	6,902,930
Natural and Economic Resources	1,085,649	1,039,408	—	—	1,085,649	1,039,408
Transportation and Law Enforcement	2,196,580	1,913,379	—	—	2,196,580	1,913,379
Human Services	13,703,989	13,086,606	—	—	13,703,989	13,086,606
State Lottery	—	—	1,070,591	1,025,086	1,070,591	1,025,086
Unemployment Compensation	—	—	318,686	312,295	318,686	312,295
Petroleum Storage Tank Insurance	—	—	19,392	16,205	19,392	16,205
State Fair Fees	—	—	4,712	4,369	4,712	4,369
State Parks and DNR	—	—	12,272	8,395	12,272	8,395
Historic Preservation	—	—	1,247	577	1,247	577
Veterans' Homes	—	—	114,847	100,771	114,847	100,771
Surplus Property	—	—	2,523	2,590	2,523	2,590
Revenue Information	—	—	12	14	12	14
All Other Expenses	127,835	138,426	—	—	127,835	138,426
<i>Total Expenses</i>	<u>25,388,347</u>	<u>24,162,170</u>	<u>1,544,282</u>	<u>1,470,302</u>	<u>26,932,629</u>	<u>25,632,472</u>
Increase (Decrease) in Net Position before Claims Adjustments, Capital Contributions, Transfers, and Extraordinary Items	(294,630)	50,749	444,912	602,093	150,282	652,842
<i>Adjustments to Claims Reserve</i>	—	—	—	2,500	—	2,500
<i>Capital Contributions</i>	—	—	920	—	920	—
<i>Transfers and Extraordinary Items</i>	289,683	304,320	(289,836)	(304,320)	(153)	—
Change in Net Position	(4,947)	355,069	155,996	300,273	151,049	655,342
<i>Net Position – July 1</i>	28,138,307	27,783,238	781,894	481,621	28,920,201	28,264,859
<i>Net Position – June 30</i>	<u>\$ 28,133,360</u>	<u>\$ 28,138,307</u>	<u>\$ 937,890</u>	<u>\$ 781,894</u>	<u>\$ 29,071,250</u>	<u>\$ 28,920,201</u>
*Fiscal year 2016 amounts have been restated.						

Governmental Activities

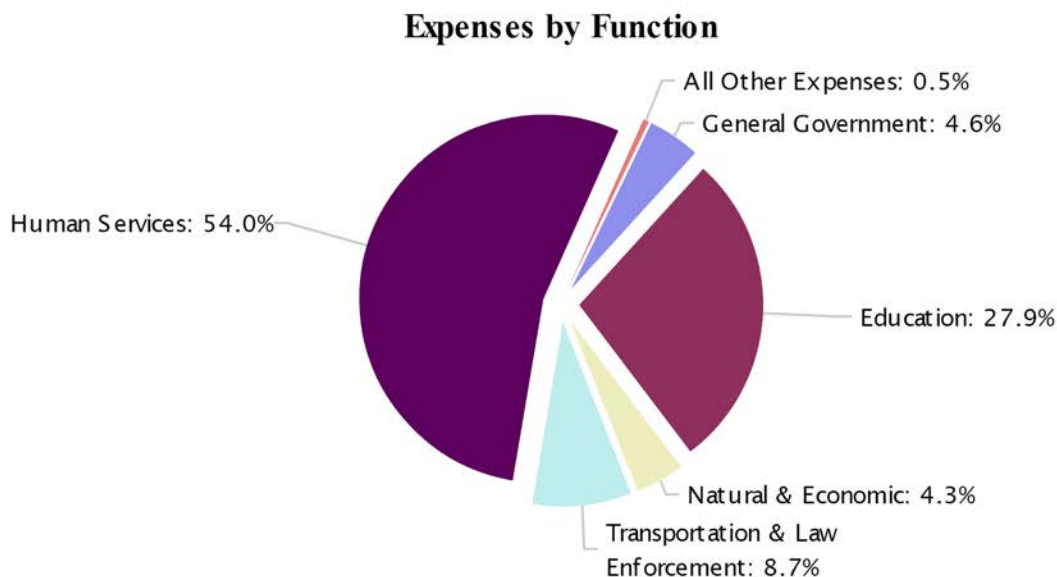
The net position of governmental activities decreased \$4.9 million in fiscal year 2017. General and program revenues of governmental activities were \$880.8 million more in fiscal year 2017 than in fiscal year 2016.

As shown in the Revenues by Source chart below, approximately 47.6% of revenues from all sources earned came from taxes. Grants and contributions, which represents amounts received from other governments/entities, primarily the federal government, provided 45.1% of total revenue. Charges for services contributed 7.0% and various other revenues provided 0.3% of the remaining governmental activity revenue sources.



The State's governmental activities program expenses for fiscal year 2017 were \$1.2 billion more than fiscal year 2016. The most notable increases are a \$191.5 million increase in education and a \$617.4 million in human services. These expenses are directly related to the government funding priorities of education and a higher demand for social services such as Medicaid. However, increases occurred in all functions except all other due to an increase in pension expense in all State retirement plans.

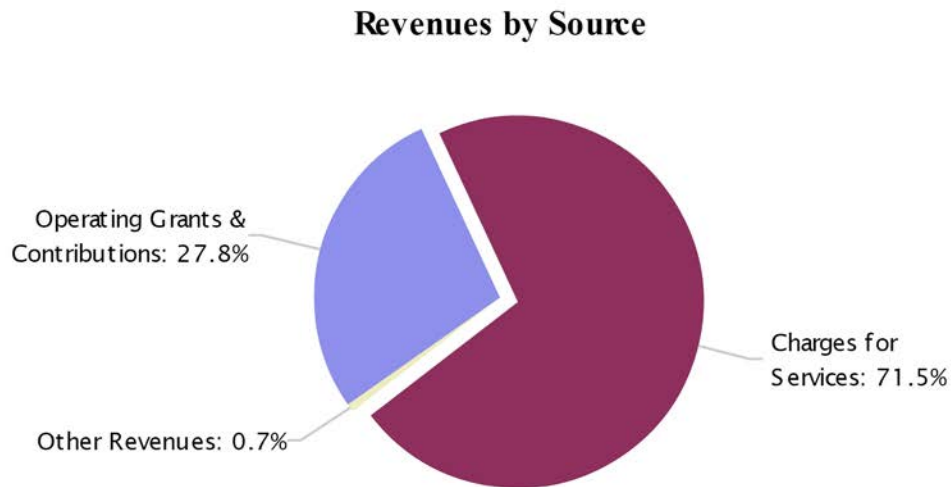
As shown in the Expenses by Function chart below, expense for Human Services makes up the largest portion, 54.0%, of total governmental activities expenses.



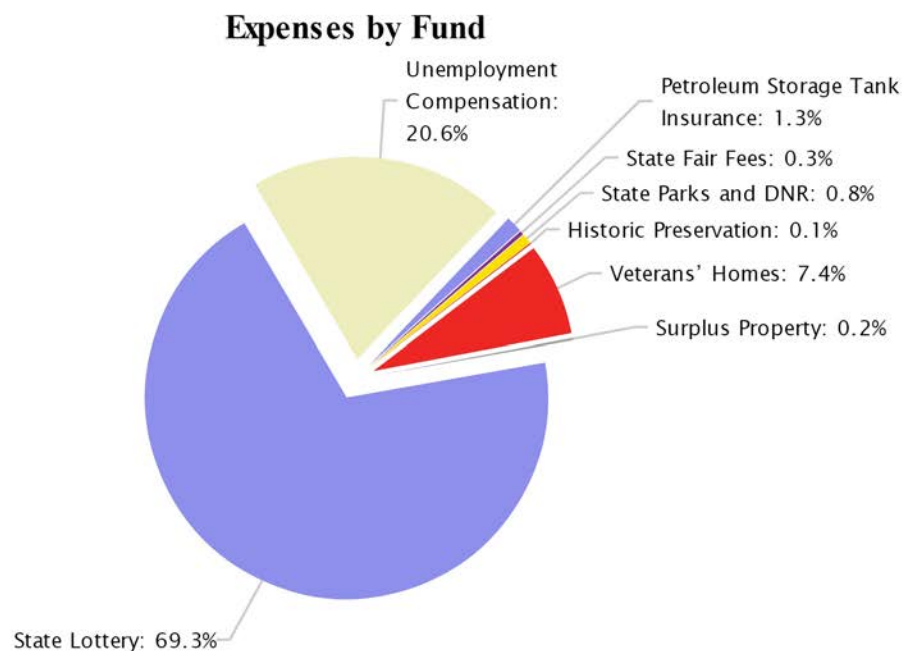
Business-Type Activities

Net position of the State's business-type activities increased \$156.0 million in fiscal year 2017, mainly due to an increase in cash in Unemployment Compensation. The increase was due to an improved economy and a low unemployment rate which is allowing excess cash to remain in the fund.

Revenues of business-type activities totaled \$2.0 billion. As shown in the Revenues by Source chart below, 71.5% of the revenues came from charges for services. Operating grants and contributions provided 27.8% of the total revenues and all other revenues provided 0.7%.



Expenses of business-type activities totaled \$1.5 billion. As shown in the Expenses by Fund chart below, State Lottery makes up the largest portion with 69.3% of total business-type expenses. Unemployment Compensation comes in second at 20.6%, followed by Veterans' Homes at 7.4%, Petroleum Storage Tank Insurance at 1.3%, State Parks and DNR at 0.8%, Historic Preservation at 0.1%, State Fair Fees at 0.3%, and Surplus Property at 0.2%.



FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

Governmental Funds:

At the end of fiscal year 2017, the State's governmental funds reported combined ending fund balances of \$5.1 billion. Approximately 60.4% is unrestricted and available for spending at the government's discretion. The remainder of fund balance is nonspendable and restricted to indicate that it is not available for new spending because it has already been allocated for: 1) inventories, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other purposes.

Fund balances (in thousands) for governmental funds are as follows:

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Total
Nonspendable	\$ 54,304	\$ 71	\$ 331	\$ 38,790	\$ 59,859	\$ 153,355
Restricted	341,053	212,592	136,860	684,758	482,962	1,858,225
Committed	590,697	2,551	1,570,667	—	41,171	2,205,086
Assigned	156,557	62,361	110,896	—	248,853	578,667
Unassigned	295,364	—	—	—	(17,628)	277,736
Total	\$ 1,437,975	\$ 277,575	\$ 1,818,754	\$ 723,548	\$ 815,217	\$ 5,073,069

The General Fund is the chief operating fund of the State. At the end of fiscal year 2017, the State's General Fund reported a total fund balance of \$1.4 billion, a decrease of \$15.7 million from fiscal year 2016. Revenues increased a total of \$562.1 million. This was mainly due to an increase in taxes of \$286.6 million, as well as an increase in contributions and intergovernmental of \$206.5 million due primarily to an increase in individual income and sales tax, as well as an increase in Medicaid and Other Assistance Programs revenue. Total expenditures went from \$17.9 billion to \$18.5 billion between fiscal years 2016 and 2017, an increase of \$627.5 million. Expenditures for human services increased \$570.3 million related to the increase in the number of people utilizing Medicaid and Other Assistance Programs and \$55.2 million in education expenditures due to increased funding for K-12 schools.

The Public Education Fund provides general and special education services to the children of the State and other related functions, such as library services and student loans. Total fund balance decreased from \$298.8 million last year to \$277.6 million this year, a decrease of 7.1%. Total revenues increased by \$35.7 million offset by an increase of expenditures of \$64.8 million. This was primarily due to an increase in funding for K-12 schools.

The Conservation and Environmental Protection Fund provides the preservation of the State's wildlife and environment. At the end of fiscal year 2017, the fund balance was \$1.8 billion, an increase of \$49.8 million from fiscal year 2016. The majority of this increase was due to an \$80.2 million dollar increase in loans receivable from the additional awarding of loans in fiscal year 2016 which are now being repaid. Total expenditures increased by \$12.0 million, mainly due to an increase in natural and economic resources related to new clean water and drinking water projects.

The Missouri Road Fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. The decrease in fund balance of \$105.1 million can mainly be attributed to the increase in debt service as the Missouri Department of Transportation called the Series 2006-Refunding and Series 2007 bonds in the amount of \$117.8 million. Revenues increase slightly by \$15.6 million mostly due to the timing of the federal grant reimbursements related to project expenditures associated with advance construction projects.

Proprietary Funds:

The State has three major proprietary funds: State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. The State Lottery Fund was established in 1986 to account for the sale of lottery tickets and lottery operations. Since 1992, public education has been the sole beneficiary of lottery proceeds. Unemployment Compensation accounts for contributions and payments collected from Missouri employers under the provision of the “Unemployment Compensation Law.” This tax finances benefits for workers who become unemployed through no fault of their own. The Petroleum Storage Tank Insurance Fund accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks. The fund pays cleanup expenses for petroleum leaks or spills from underground storage tanks and certain above ground storage tanks as well as third party property damage or bodily injury resulting from such discharges. This fund is one of the largest insurers of storage tanks in the country.

The State Lottery Fund’s net position decreased by \$2.6 million in fiscal year 2017, which is partly the result of fluctuations in market yields, which increase or reduce the unrealized gain on investments. Total operating revenues increased by 2.5%, while operating expenses increase by 4.2% in fiscal year 2017. Prize expense increased by \$43.2 million, while sales increased \$34.2 million. The sales increase was the result of an increase in Scratchers and Pull-Tab sales, and a decrease in Draw Game sales mainly due to Powerball. Powerball sales were down \$35.9 million due to the prior year's record \$1.59 billion Powerball jackpot.

The Unemployment Compensation Fund’s net position increased by \$163.0 million due to an increase in cash in the fund of \$205.9 million. The increase in cash is due to an improved economy and low unemployment rate which is allowing excess cash to remain in the fund. Once the cash balance has reached the statutorily established levels that trigger contribution rate reductions, then employer contribution rates will be lowered, which occurred in 2017. Accounts receivable decreased by \$35.2 million, mainly because the new employer rates decreased from 3.51% to 2.7%.

The Petroleum Storage Tank Insurance Fund’s net position decreased by \$6.2 million due to an increase in claims paid in fiscal year 2017 and a reduction in net claims reserves.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget is the appropriated budget that is truly agreed to and finally passed by the legislature, and signed by the Governor at the beginning of the fiscal year. The final budget includes emergency and supplemental appropriations, reverted amounts, and increases to estimated appropriations, which occur during the fiscal year.

Budgeted appropriations for fiscal year 2017 from the General Fund were \$26.2 billion original budget and \$26.1 billion final budget. Actual spending was \$24.3 billion. Reasons for the final budget variances include:

- Appropriation authority exceeded cash available for expenditures.
- Lapse of various appropriations.
- Multiple year grants are appropriated in one year, but the expenditures may occur over several years.
- Capital improvement appropriations were restricted during the budget process.

Budgeted revenues/transfers in for fiscal year 2017 for the General Fund were \$25.4 billion original budget and \$25.2 billion final budget. Actual revenue/transfers in was \$24.3 billion.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 145 for more information on budgetary variances.

GOVERNMENT-WIDE CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2017, was \$32.8 billion (net of accumulated depreciation/amortization). This investment in capital assets includes construction in progress, software in progress, infrastructure in progress, land, permanent easements, land improvements, temporary easements, buildings and improvements, equipment, software, trademarks, and infrastructure.

Capital Assets of the State include (in thousands):

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	\$ 308,053	\$ 45,452	\$ 353,505
Software in Progress	87,960	—	87,960
Infrastructure in Progress	1,478,649	—	1,478,649
Land	3,095,379	32,602	3,127,981
Permanent Easements	3,909	—	3,909
Land Improvements	208,276	18,972	227,248
Temporary Easements	1,513	50	1,563
Buildings and Improvements	3,387,916	33,025	3,420,941
Equipment	1,328,823	50,670	1,379,493
Software	228,107	735	228,842
Trademarks	17	—	17
Infrastructure	50,174,198	—	50,174,198
<i>Subtotal</i>	60,302,800	181,506	60,484,306
Less Accumulated Depreciation/ Amortization	(27,624,228)	(64,135)	(27,688,363)
Total Capital Assets, Net	\$ 32,678,572	\$ 117,371	\$ 32,795,943

Additional information on capital assets can be found in *Note 5* of this report.

Debt Administration:

At the end of fiscal year 2017, the primary government had total general obligation and other bonded debt outstanding of \$3.1 billion. Of this amount, \$154.8 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired or refunded in fiscal year 2017 were \$54.1 million for general obligation bonds and \$360.8 million for other bonds.

The State of Missouri is proud to have maintained a Triple-A credit rating since 1989 from all three major credit rating agencies (Moody's Investor Services, Inc., Standard and Poor's, and Fitch Ratings, Inc.) on the State's General Obligation Bonds.

Outstanding Bonds Payable of the State include (in thousands):

	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 154,830	\$ —	\$ 154,830
Other Bonds	2,943,825	2,116,337	5,060,162
Total	\$ 3,098,655	\$ 2,116,337	\$ 5,214,992

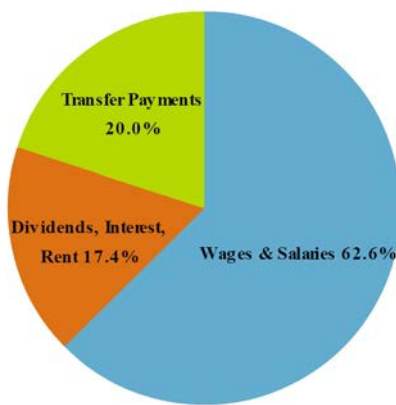
Additional information on long-term debt can be found in *Notes 11, 12, and 13* of this report.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The State's economic outlook for Fiscal Year 2018 anticipates continued improvement in employment and wages, with continued growth in state revenue collections. During the Fiscal Year 2018 budget process, staff from the House, Senate, the University of Missouri and the Division of Budget and Planning developed a revenue estimate of 3% growth for Fiscal Year 2017 and 3.8% growth for Fiscal Year 2018. The actual Fiscal Year 2017 revenue collections increased by 2.6% growth when compared to the Fiscal Year 2016 collections. The 3.8% growth estimate for Fiscal Year 2018 will not provide sufficient resources to cover anticipated spending, therefore, the Governor restricted approximately \$251 million in July.

Since 2010, personal incomes have increased, on average, 3.2% annually for the State and 4.3% for the nation. The average income of a Missouri citizen was \$43,723 in 2016, which was lower than the national average of \$49,571. Missouri's per capita personal income grew 3.2% from the first quarter. While the State's per capita income is lower than the national average, so is the cost of living. Missouri is among the most affordable states as it had the eleventh lowest cost of living costs in the United States in 2016. The below graph depicts the components of personal income, with transfer payments (such as social security, Medicare, etc.) comprising 20.0% of the State's total personal income, due in part to the State's aging population.

**Components of Personal Income
Missouri - 2016**



Source: Missouri Economic Report, 2017, U.S. Bureau of Economic Analysis 2016.

The outlook for general revenue for fiscal year 2018 remains uncertain. Most economic forecasts are calling for moderate economic growth. Equity markets have been strong in the first half of 2017, but have become more volatile as national and global uncertainty continues. While the number of jobs is steadily improving, the rate of growth has slowed as the labor market reaches full employment. Growth in sales tax is expected to moderate as consumers have released most of the pent up demand from the Great Recession.

Missouri's strong fiscal management and directives to review the State Code of Regulations and the tax code are ways in which Missouri is looking to streamline functions and decrease costs for the citizens of the State. Conservative management, including Missouri's constitutional provisions for the Governor to line item veto and restrict expenditures below appropriated levels, ensures the budget is balanced each year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the State's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.



*The **Basic Financial Statements** include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements, and the accompanying notes to the statements.*

STATE OF MISSOURI
STATEMENT OF NET POSITION
June 30, 2017
(In Thousands of Dollars)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents (Note 3)	\$ 1,097,505	\$ 824,813	\$ 1,922,318	\$ 419,592
Investments (Note 3)	2,650,607	73,605	2,724,212	2,672,833
Invested Securities Lending Collateral (Note 3)	—	—	—	7,437
Receivables, Net (Note 14)	4,263,137	190,756	4,453,893	677,691
Internal Balances	8,408	(8,408)	—	—
Inventories	78,937	1,617	80,554	58,338
Deposits and Prepaid Expenses	190	—	190	44,790
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	32,533	—	32,533	210,643
Investments (Note 3)	36,181	36,546	72,727	1,435,346
Receivables, Net	—	—	—	56,599
Other Assets	—	—	—	19,194
Capital Assets (Note 5):				
Non-Depreciable	4,973,950	78,054	5,052,004	495,163
Depreciable, Net	27,704,622	39,317	27,743,939	4,976,241
Total Assets	<u>40,846,070</u>	<u>1,236,300</u>	<u>42,082,370</u>	<u>11,073,867</u>
Deferred Outflows of Resources (Note 15)	<u>1,803,875</u>	<u>49,219</u>	<u>1,853,094</u>	<u>443,346</u>
Liabilities				
Bank Overdraft (Notes 3 and 10)	2	—	2	—
Payables (Note 14)	1,479,639	26,790	1,506,429	663,972
Securities Lending Obligation (Note 3)	—	—	—	7,437
Unearned Revenue (Note 1)	77,225	2,028	79,253	154,197
Escheat/Unclaimed Property	108,662	—	108,662	—
Long-Term Liabilities (Note 11):				
Due Within One Year	754,998	101,170	856,168	485,071
Due in More Than One Year	11,935,031	216,242	12,151,273	3,730,233
Total Liabilities	<u>14,355,557</u>	<u>346,230</u>	<u>14,701,787</u>	<u>5,040,910</u>
Deferred Inflows of Resources (Note 15)	<u>161,028</u>	<u>1,399</u>	<u>162,427</u>	<u>56,010</u>
Net Position				
Net Investment in Capital Assets	29,814,122	117,243	29,931,365	3,053,770
Restricted for:				
Budget Reserve	590,374	—	590,374	—
Debt Service	399,250	—	399,250	—
Grants	336,899	—	336,899	—
Enabling Legislation (Note 1)	511,411	—	511,411	—
Loans Receivable	1,350,849	—	1,350,849	—
Permanent Trusts:				
Expendable	109	—	109	588,606
Non-Expendable	55,522	—	55,522	1,156,556
External Parties	862,031	3,635	865,666	96,052
Unrestricted	(5,787,207)	817,012	(4,970,195)	1,525,309
Total Net Position	<u>\$ 28,133,360</u>	<u>\$ 937,890</u>	<u>\$ 29,071,250</u>	<u>\$ 6,420,293</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,179,908	\$ 673,494	\$ 71,945	\$ 154
Education	7,094,386	53,012	1,176,614	—
Natural and Economic Resources	1,085,649	278,481	321,856	14
Transportation and Law Enforcement	2,196,580	228,547	251,828	923,559
Human Services	13,703,989	499,778	8,581,490	21
Interest on Debt (Excluding Direct Expense)	127,835	12,049	—	—
Total Governmental Activities	<u>25,388,347</u>	<u>1,745,361</u>	<u>10,403,733</u>	<u>923,748</u>
Business-Type Activities:				
State Lottery	1,070,591	1,361,996	—	—
Unemployment Compensation	318,686	—	468,931	—
Petroleum Storage Tank Insurance	19,392	12,894	—	—
State Fair Fees	4,712	4,631	151	—
State Parks and DNR	12,272	14,282	10,679	—
Historic Preservation	1,247	—	—	—
Missouri Veterans' Homes	114,847	26,505	73,087	—
Surplus Property	2,523	2,027	—	—
Revenue Information	12	855	—	—
Total Business-Type Activities	<u>1,544,282</u>	<u>1,423,190</u>	<u>552,848</u>	<u>—</u>
Total Primary Government	<u>\$ 26,932,629</u>	<u>\$ 3,168,551</u>	<u>\$ 10,956,581</u>	<u>\$ 923,748</u>
Component Units:				
College and Universities	\$ 4,642,291	\$ 3,134,109	\$ 1,437,498	\$ 162,977
Non-Major Component Units	10,045	10,329	—	—
Total Component Units	<u>\$ 4,652,336</u>	<u>\$ 3,144,438</u>	<u>\$ 1,437,498</u>	<u>\$ 162,977</u>

General Revenues:

Taxes:

Sales and Use

Individual Income

Corporate Income

County Foreign Insurance

Alcoholic Beverage

Corporate Franchise

Fuel

Miscellaneous Taxes

Grants and Contributions not Restricted to Specific Programs

Unrestricted Investment Earnings

Capital Contributions

Special Items

Extraordinary Item

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expenses) Revenues and Changes in Net Position				
Primary Government				Component Units
Governmental Activities	Business-Type Activities	Total		
\$ (434,315)	\$ —	\$ (434,315)	\$ —	
(5,864,760)	—	(5,864,760)	—	
(485,298)	—	(485,298)	—	
(792,646)	—	(792,646)	—	
(4,622,700)	—	(4,622,700)	—	
(115,786)	—	(115,786)	—	
(12,315,505)	—	(12,315,505)	—	
—	291,405	291,405	—	
—	150,245	150,245	—	
—	(6,498)	(6,498)	—	
—	70	70	—	
—	12,689	12,689	—	
—	(1,247)	(1,247)	—	
—	(15,255)	(15,255)	—	
—	(496)	(496)	—	
—	843	843	—	
—	431,756	431,756	—	
(12,315,505)	431,756	(11,883,749)	—	
—	—	—	92,293	
—	—	—	284	
—	—	—	92,577	
3,267,442	—	3,267,442	—	
6,648,917	—	6,648,917	—	
392,438	—	392,438	—	
254,686	—	254,686	—	
32,764	—	32,764	—	
2,490	—	2,490	—	
667,639	—	667,639	—	
680,886	—	680,886	—	
62,173	—	62,173	4,682	
11,440	13,156	24,596	296,801	
—	920	920	—	
—	—	—	5,868	
—	(153)	(153)	—	
289,683	(289,683)	—	—	
12,310,558	(275,760)	12,034,798	307,351	
(4,947)	155,996	151,049	399,928	
28,138,307	781,894	28,920,201	6,020,365	
\$ 28,133,360	\$ 937,890	\$ 29,071,250	\$ 6,420,293	

The notes to the financial statements are an integral part of this statement.



*The **Governmental Funds** focus on current financial resources.*

Governmental Fund Financial Statements

Major Funds

General Fund - Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Major Special Revenue Funds:

Public Education - Provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection - Provides for the preservation of the State's wildlife and environment.

Major Capital Projects Fund:

Missouri Road Fund - Accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

Non-Major Funds

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds as part of Supplementary Information.

**STATE OF MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017
(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Totals June 30, 2017
ASSETS						
Cash and Cash Equivalents (Note 3)	\$ 350,435	\$ 47,478	\$ 88,729	\$ 302,009	\$ 177,701	\$ 966,352
Investments (Note 3)	1,023,985	113,982	385,679	340,294	591,523	2,455,463
Accounts Receivable, Net	2,340,734	158,666	55,555	106,826	174,250	2,836,031
Interest Receivable	3,036	501	2,814	1,111	1,192	8,654
Due from Other Funds (Note 16)	—	1,569	—	—	3,377	4,946
Due from Component Units (Note 16)	—	—	561	—	—	561
Inventories	25,246	71	331	38,790	4,337	68,775
Advance to Component Units (Note 16)	—	—	517	—	—	517
Loans Receivable	29,058	888	1,317,997	—	2,906	1,350,849
Restricted Assets:						
Cash and Cash Equivalents (Note 3)	—	—	—	31,845	—	31,845
Investments (Note 3)	—	—	—	35,881	—	35,881
Total Assets	<u>\$ 3,772,494</u>	<u>\$ 323,155</u>	<u>\$ 1,852,183</u>	<u>\$ 856,756</u>	<u>\$ 955,286</u>	<u>\$ 7,759,874</u>
LIABILITIES						
Accounts Payable	\$ 1,114,922	\$ 572	\$ 5,476	\$ 87,167	\$ 119,670	\$ 1,327,807
Accrued Payroll	59,881	236	5,023	16,970	12,152	94,262
Due to Other Funds (Note 16)	5,420	66	143	241	994	6,864
Unearned Revenue (Note 1)	40,362	—	181	5,588	—	46,131
Escheat/Unclaimed Property	108,662	—	—	—	—	108,662
Total Liabilities	<u>1,329,247</u>	<u>874</u>	<u>10,823</u>	<u>109,966</u>	<u>132,816</u>	<u>1,583,726</u>
DEFERRED INFLOWS OF RESOURCES (Note 15)						
	<u>1,005,272</u>	<u>44,706</u>	<u>22,606</u>	<u>23,242</u>	<u>7,253</u>	<u>1,103,079</u>
FUND BALANCES (Note 4)						
Nonspendable	54,304	71	331	38,790	59,859	153,355
Restricted	341,053	212,592	136,860	684,758	482,962	1,858,225
Committed	590,697	2,551	1,570,667	—	41,171	2,205,086
Assigned	156,557	62,361	110,896	—	248,853	578,667
Unassigned	295,364	—	—	—	(17,628)	277,736
Total Fund Balances	<u>1,437,975</u>	<u>277,575</u>	<u>1,818,754</u>	<u>723,548</u>	<u>815,217</u>	<u>5,073,069</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,772,494</u>	<u>\$ 323,155</u>	<u>\$ 1,852,183</u>	<u>\$ 856,756</u>	<u>\$ 955,286</u>	<u>\$ 7,759,874</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2017
(In Thousands of Dollars)

Total Fund Balances - Governmental Funds \$ 5,073,069

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental funds are not financial resources and are not reported in the funds. These assets consist of (Note 5):

Construction in Progress	307,810	
Software in Progress	87,234	
Infrastructure in Progress	1,478,649	
Land	3,087,657	
Permanent Easements	3,909	
Land Improvements	205,276	
Temporary Easements	1,513	
Buildings and Improvements	2,898,236	
Equipment	1,197,975	
Software	202,617	
Trademarks	17	
Infrastructure	50,174,198	
Accumulated Depreciation/Amortization	<u>(27,291,240)</u>	
		32,353,851

Deferred inflows of resources related to the State's revenues that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures are deferred in the funds. 1,103,079

Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and therefore, not reported in the funds. 1,525,649

Deferred outflows and inflows of resources related to deferred charges or credits on debt refundings and other assets are applicable to future reporting periods and therefore, not reported in the funds. 79,543

Some liabilities are not due and payable in the current period and therefore, not reported in the funds. Those liabilities consist of (Note 11):

Due to Other Entities	(1,361)	
General Obligation and Other Bonds Payable	(3,098,655)	
Unamortized Bond Premium	(203,179)	
Accrued Interest on Bonds	(28,591)	
Obligation under Lease Purchases	(60,674)	
Pollution Remediation	(47,431)	
Compensated Absences	(170,261)	
Claims Liability	(37,989)	
Contingent Liabilities	(1,911,336)	
Net Other Postemployment Benefit Obligation	(1,094,726)	
Net Pension Liability	<u>(5,770,683)</u>	
		(12,424,886)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Position. 423,055

Net Position of Governmental Activities \$ 28,133,360

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Eliminations	Totals June 30, 2017
Revenues:							
Taxes	\$ 9,084,735	\$ 1,286,494	\$ 214,908	\$ 174,144	\$ 1,117,022	\$ —	\$ 11,877,303
Licenses, Fees, and Permits	91,142	2,297	83,312	103,624	397,670	—	678,045
Sales	496	—	7,158	—	1,381	—	9,035
Leases and Rentals	23	—	134	—	1	—	158
Services	121,670	—	—	—	861	—	122,531
Contributions and Intergovernmental	10,090,297	13,955	94,927	853,385	342,468	—	11,395,032
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	(3,250)	(469)	(2,031)	(1,534)	(3,246)	—	(10,530)
Interest	14,397	1,624	6,960	4,271	4,952	—	32,204
Penalties and Unclaimed Properties	83,824	1,747	1,170	—	10,384	—	97,125
Cost Reimbursement/ Miscellaneous	317,803	112,769	3,809	56,373	77,376	—	568,130
Total Revenues	19,801,137	1,418,417	410,347	1,190,263	1,948,869	—	24,769,033
Expenditures:							
Current:							
General Government	644,887	554	1,982	—	237,218	—	884,641
Education	4,259,063	2,709,655	—	—	102,992	—	7,071,710
Natural and Economic Resources	286,541	4,496	354,354	—	251,094	—	896,485
Transportation and Law Enforcement	337,828	184	783	804,060	330,942	—	1,473,797
Human Services	12,916,307	12,727	786	—	700,036	—	13,629,856
Capital Outlay:							
General Government	—	—	—	—	14,057	—	14,057
Education	—	—	—	—	348	—	348
Natural and Economic Resources	—	—	—	—	2,027	—	2,027
Transportation and Law Enforcement	—	—	—	710,606	2,110	—	712,716
Human Services	—	—	—	—	54,915	—	54,915
Debt Service:							
Principal	70,891	—	315	184,255	181,477	—	436,938
Interest	29,949	—	3	61,047	68,978	—	159,977
Bond Issuance Costs	—	—	—	—	336	—	336
Underwriter's Discount	—	—	—	—	972	—	972
Total Expenditures	18,545,466	2,727,616	358,223	1,759,968	1,947,502	—	25,338,775
Excess Revenues (Expenditures)	1,255,671	(1,309,199)	52,124	(569,705)	1,367	—	(569,742)
Other Financing Sources (Uses):							
Proceeds from Notes/Capital Leases	1,522	—	—	17	3	—	1,542
Proceeds From Bonds	—	—	—	—	97,225	—	97,225
Bond Premium (Note 11)	—	—	—	—	5,877	—	5,877
Proceeds from Sale of Capital Assets	7,921	—	—	5,436	6,948	—	20,305
Transfers In (Note 17)	44,550	1,311,475	975	459,141	321,109	(1,840,021)	297,229
Transfers Out (Note 17)	(1,326,319)	(23,510)	(3,243)	—	(492,547)	1,840,021	(5,598)
Total Other Financing Sources (Uses)	(1,272,326)	1,287,965	(2,268)	464,594	(61,385)	—	416,580
Net Change in Fund Balances	(16,655)	(21,234)	49,856	(105,111)	(60,018)	—	(153,162)
Fund Balances - Beginning (Note 18)	1,453,679	298,786	1,768,948	828,659	875,211	—	5,225,283
Increase (Decrease) in Reserve for Inventory	951	23	(50)	—	24	—	948
Fund Balances - Ending	\$ 1,437,975	\$ 277,575	\$ 1,818,754	\$ 723,548	\$ 815,217	\$ —	\$ 5,073,069

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES IN
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

Net Change in Fund Balances - Total Governmental Funds	\$	(153,162)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change, the Increase in Reserve for Inventories on the fund statement has been reclassified as a functional expense on the government-wide statement.		948
---	--	-----

Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount that capital outlays of \$918,546 exceeds depreciation/amortization of \$665,754 in the current period.		252,792
---	--	---------

In the Statement of Activities only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus the change in net position differs from the change in governmental fund balance by the net book value of the assets sold.		(18,317)
--	--	----------

The net effect of the donation of capital assets increased net position.		196
--	--	-----

Deferred inflows do not provide current financial resources and are not recognized as revenues until available in governmental funds.		78,104
---	--	--------

Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Contributions		497,049
Pension Expense		(747,416)

Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. In governmental funds, repayment of principal is an expenditure, but the repayment reduces long-term liabilities in the Combined Statement of

Net Position (Note 11):

Bonds Issued	(97,225)	
Bond Premiums and Refunding Costs	(5,877)	
Bonds Retired	414,850	
Capital Leases Issued	(1,539)	
Capital Lease Payments	22,087	
		332,296

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, not reported as expenditures in governmental funds (Note 11):

Amortization of Bond Premium and Refunding Costs	28,016	
Decrease in Accrued Interest	4,507	
Decrease in Pollution Remediation	2,294	
Increase in Due to Other Entities	(3)	
Increase in Compensated Absences	(83)	
Increase in Contingent Liabilities	(139,611)	
Increase in Claims Liability	(106)	
Increase in Net Other Postemployment Benefit Obligation	(91,293)	
		(196,279)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of internal service funds are reported with governmental activities.		(51,158)
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Change in Net Position of Governmental Activities	\$	(4,947)
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The notes to the financial statements are an integral part of this statement.



*The **Proprietary Funds** focus on economic resources and are operated in a manner similar to private business enterprises.*

Proprietary Fund Financial Statements

Major Funds

State Lottery - Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation - Accounts for contributions and payments collected under the provisions of the “Unemployment Compensation Law” to pay benefits.

Petroleum Storage Tank Insurance - Accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

Non-Major Funds

Non-major enterprise funds and all internal service funds are presented in our combining non-major fund financial statements as part of Supplementary Information.

STATE OF MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Major Funds				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2017	
ASSETS						
Current Assets:						
Cash and Cash Equivalents (Note 3)	\$ 14,759	\$ 793,672	\$ 12,207	\$ 4,175	\$ 824,813	\$ 131,153
Investments (Note 3)	22,687	—	37,716	13,202	73,605	83,004
Restricted:						
Investments (Note 3)	3,417	—	—	—	3,417	100
Accounts Receivable, Net	50,712	128,831	1,532	9,014	190,089	66,199
Interest Receivable	51	—	87	41	179	324
Due from Other Funds (Note 16)	—	—	—	17	17	7,074
Due from Component Units (Note 16)	—	—	—	—	—	2
Inventories	—	—	—	1,617	1,617	10,162
Prepaid Items	—	—	—	—	—	190
Loans Receivable	—	—	—	488	488	—
Total Current Assets	91,626	922,503	51,542	28,554	1,094,225	298,208
Non-Current Assets:						
Investments	—	—	—	—	—	112,140
Restricted:						
Cash and Cash Equivalents (Note 3)	—	—	—	—	—	688
Investments (Note 3)	33,129	—	—	—	33,129	200
Capital Assets (Note 5):						
Construction in Progress	7	—	—	45,445	45,452	243
Software in Progress	—	—	—	—	—	726
Land	353	—	—	32,249	32,602	7,722
Land Improvements	—	—	—	18,972	18,972	3,000
Temporary Easements	—	—	—	50	50	—
Buildings	5,270	—	—	27,755	33,025	489,680
Equipment	7,093	—	158	43,419	50,670	130,848
Software	565	—	—	170	735	25,490
Less Accumulated Depreciation/Amortization	(10,318)	—	(147)	(53,670)	(64,135)	(332,988)
Total Non-Current Assets	36,099	—	11	114,390	150,500	437,749
Total Assets	127,725	922,503	51,553	142,944	1,244,725	735,957
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	5,667	—	764	42,788	49,219	38,824
LIABILITIES						
Current Liabilities:						
Bank Overdraft (Note 3 and 10)	—	—	—	—	—	2
Accounts Payable	5,689	16,248	27	2,024	23,988	26,996
Accrued Payroll	289	—	34	2,479	2,802	1,983
Due to Other Funds (Note 16)	1,585	3,377	4	59	5,025	148
Unearned Revenue (Note 1)	815	—	524	689	2,028	31,094
Claims Liability (Note 11)	—	—	15,000	—	15,000	80,880
Grand Prize Winner Liability (Note 11)	81,708	—	—	—	81,708	—
Obligations under Lease Purchase (Note 11)	—	—	—	128	128	6,300
Compensated Absences (Note 11)	631	—	73	3,630	4,334	4,026
Total Current Liabilities	90,717	19,625	15,662	9,009	135,013	151,429
Non-Current Liabilities:						
Claims Liability (Note 11)	—	—	66,868	—	66,868	58,809
Grand Prize Winner Liability (Note 11)	29,477	—	—	—	29,477	—
Obligations under Lease Purchase (Note 11)	—	—	—	—	—	32,842
Compensated Absences (Note 11)	—	—	3	267	270	728
Net Pension Liability (Note 11)	16,213	—	2,069	101,345	119,627	110,149
Total Non-Current Liabilities	45,690	—	68,940	101,612	216,242	202,528
Total Liabilities	136,407	19,625	84,602	110,621	351,255	353,957
DEFERRED INFLOWS OF RESOURCES (Note 15)	163	—	21	1,215	1,399	1,169
NET POSITION						
Net Investment in Capital Assets	2,970	—	11	114,262	117,243	285,579
Restricted for:						
Other Purposes	3,635	—	—	—	3,635	988
Unrestricted	(9,783)	902,878	(32,317)	(40,366)	820,412	133,088
Total Net Position (Note 19)	\$ (3,178)	\$ 902,878	\$ (32,306)	\$ 73,896	\$ 941,290	\$ 419,655
Total Net Position Reported Above					\$ 941,290	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds					(3,400)	
Net Position of Business-Type Activities					\$ 937,890	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Major Funds				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2017	
Operating Revenues:						
Employer Contributions	\$ —	\$ 464,423	\$ —	\$ —	\$ 464,423	\$ 442,415
Employee Contributions	—	—	—	—	—	162,322
Federal Contracts	—	4,508	—	—	4,508	—
Medicare Part D Subsidy	—	—	—	—	—	6,266
Licenses, Fees, and Permits	—	—	12,894	10,294	23,188	14,728
Sales	1,361,874	—	—	4,511	1,366,385	28,119
Leases and Rentals	—	—	—	3,931	3,931	62,312
Charges for Services	—	—	—	26,767	26,767	131,269
Cost Reimbursement/Miscellaneous	122	—	—	731	853	31,019
Total Operating Revenues	<u>1,361,996</u>	<u>468,931</u>	<u>12,894</u>	<u>46,234</u>	<u>1,890,055</u>	<u>878,450</u>
Operating Expenses:						
Cost of Goods Sold	23,624	—	—	1,475	25,099	22,500
Personal Service	11,359	—	1,725	96,779	109,863	80,087
Operations	94,490	—	4,078	30,025	128,593	118,483
Prizes Expense	932,097	—	—	—	932,097	—
Specific Programs	—	—	13,565	2,152	15,717	10,976
Insurance Benefits	—	—	—	—	—	655,026
Unemployment Benefits	—	318,686	—	—	318,686	—
Depreciation/Amortization	1,013	—	5	4,251	5,269	24,261
Other Charges	7,925	—	—	557	8,482	14,455
Total Operating Expenses	<u>1,070,508</u>	<u>318,686</u>	<u>19,373</u>	<u>135,239</u>	<u>1,543,806</u>	<u>925,788</u>
Operating Income (Loss)	<u>291,488</u>	<u>150,245</u>	<u>(6,479)</u>	<u>(89,005)</u>	<u>346,249</u>	<u>(47,338)</u>
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	(27)	—	—	83,917	83,890	24
Interest Expense	—	—	—	(9)	(9)	(1,217)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	(2,553)	—	(150)	(55)	(2,758)	(2,249)
Interest	215	15,175	384	140	15,914	3,435
Penalties and Unclaimed Properties	—	—	—	77	77	—
Disposal of Capital Assets	(19)	—	—	(234)	(253)	(63)
Extraordinary Item	—	—	—	(153)	(153)	—
Total Non-Operating Revenues (Expenses)	<u>(2,384)</u>	<u>15,175</u>	<u>234</u>	<u>83,683</u>	<u>96,708</u>	<u>(70)</u>
Income (Loss) Before Transfers	289,104	165,420	(6,245)	(5,322)	442,957	(47,408)
Capital Contributions	—	—	—	920	920	—
Transfers In (Note 17)	27	—	—	5,482	5,509	179
Transfers Out (Note 17)	(291,686)	(2,454)	—	(1,052)	(295,192)	(2,127)
Change in Net Position	(2,555)	162,966	(6,245)	28	154,194	(49,356)
Total Net Position - Beginning (Note 18)	(623)	739,912	(26,061)	73,868	787,096	469,011
Total Net Position - Ending (Note 19)	<u>\$ (3,178)</u>	<u>\$ 902,878</u>	<u>\$ (32,306)</u>	<u>\$ 73,896</u>	<u>\$ 941,290</u>	<u>\$ 419,655</u>
Total Net Change in Net Assets Reported Above					\$ 154,194	
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds					1,802	
Change in Net Assets of Business-Type Activities					<u>\$ 155,996</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Major Funds				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2017	
Cash Flows from Operating Activities:						
Receipts from Internal Customers and Users	\$ —	\$ 2,144	\$ —	\$ 636	\$ 2,780	\$ 640,479
Receipts from External Customers and Users	1,356,827	501,955	12,845	44,191	1,915,818	201,566
Payments to Suppliers	(116,414)	—	(4,727)	(31,494)	(152,635)	(144,426)
Payments to Employees	(10,092)	—	(1,565)	(86,807)	(98,464)	(71,204)
Payments Made for Program Expense	(922,664)	(313,224)	(14,932)	(2,152)	(1,252,972)	(670,860)
Other Receipts	122	—	—	731	853	31,019
Other Payments	(7,925)	—	—	(557)	(8,482)	(14,455)
Net Cash Provided (Used) by Operating Activities	299,854	190,875	(8,379)	(75,452)	406,898	(27,881)
Cash Flows from Non-Capital Financing Activities:						
Loans Made to Outside Entities	—	—	—	36	36	—
Due to/from Other Funds	(6,203)	2,298	(2)	182	(3,725)	1,009
Due to/from Component Units	—	—	—	—	—	(1)
Contributions and Intergovernmental	(27)	—	—	76,703	76,676	24
Transfers to/from Other Funds	(291,686)	(2,454)	—	4,393	(289,747)	(1,974)
Net Cash Provided (Used) by Non-Capital Financing Activities	(297,916)	(156)	(2)	81,314	(216,760)	(942)
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	—	—	—	(9)	(9)	(1,217)
Purchases and Construction of Capital Assets	(1,040)	—	(1)	(15,183)	(16,224)	(8,361)
Capital Lease Downpayment/Obligations	—	—	—	(176)	(176)	(10,021)
Disposal of Capital Assets	—	—	—	—	—	195
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,040)	—	(1)	(15,368)	(16,409)	(19,404)
Cash Flows from Investing Activities:						
Proceeds from Sales and Investment Maturities	—	—	—	3,122	3,122	1,190,166
Purchase of Investments	(6,940)	—	(4,410)	(908)	(12,258)	(1,200,205)
Interest and Dividends Received	187	15,175	360	145	15,867	3,400
Investment Fees	—	—	—	—	—	(23)
Penalties and Other Receipts	—	—	—	77	77	—
Net Cash Provided (Used) by Investing Activities	(6,753)	15,175	(4,050)	2,436	6,808	(6,662)
Net Increase (Decrease) in Cash	(5,855)	205,894	(12,432)	(7,070)	180,537	(54,889)
Cash and Cash Equivalents, Beginning of Year	20,614	587,778	24,639	11,245	644,276	186,728
Cash and Cash Equivalents, End of Year	\$ 14,759	\$ 793,672	\$ 12,207	\$ 4,175	\$ 824,813	\$ 131,839
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 291,488	\$ 150,245	\$ (6,479)	\$ (89,005)	\$ 346,249	\$ (47,338)
Depreciation/Amortization Expense	1,013	—	5	4,251	5,269	24,261
Changes in Assets and Liabilities:						
Accounts Receivable	(4,673)	35,168	(43)	(650)	29,802	(8,316)
Inventories	—	—	—	(90)	(90)	895
Deferred Outflows of Resources	(3,638)	—	(488)	(27,457)	(31,583)	(24,991)
Prepaid Items	—	—	—	—	—	(57)
Accounts Payable	1,700	5,462	(649)	97	6,610	(4,281)
Accrued Payroll	3	—	(2)	180	181	132
Unearned Revenue	(374)	—	(6)	(26)	(406)	2,930
Grand Prize Winner Liability	9,433	—	—	—	9,433	—
Claims Liability	—	—	(1,367)	—	(1,367)	(4,858)
Compensated Absences	(51)	—	(11)	267	205	134
Net Pension Liability	5,029	—	673	37,589	43,291	34,052
Deferred Inflows of Resources	(76)	—	(12)	(608)	(696)	(444)
Net Cash Provided (Used) by Operating Activities	\$ 299,854	\$ 190,875	\$ (8,379)	\$ (75,452)	\$ 406,898	\$ (27,881)
Non-Cash Financing and Investing Activities:						
Capital Asset Donations	\$ —	\$ —	\$ —	\$ 8,134	\$ 8,134	\$ —
Increase (Decrease) in Fair Value of Investments	(2,553)	—	(150)	(55)	(2,758)	(2,249)
Net Non-Cash Financing and Investing Activities	\$ (2,553)	\$ —	\$ (150)	\$ 8,079	\$ 5,376	\$ (2,249)

The notes to the financial statements are an integral part of this statement.



*The **Fiduciary Funds** account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.*

Individual fund financial statements for pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds are presented as part of Supplementary Information.

STATE OF MISSOURI
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	\$ 2,421,843	\$ 6,932	\$ 107,427
Investments at Fair Value (Note 3):			
U.S. Government Securities	4,195,505	2,453	517,316
U.S. Agency Sponsored Securities	—	18,003	25,269
Repurchase	571	—	—
Stocks	648,790	81	18
Bonds	993,143	—	—
International Equities	981,291	—	—
Mutual and Index Funds	1,204,270	—	—
Venture Capital Limited Partnership	4,480,294	—	—
Other Investments	824,623	2,684	791
Invested Securities Lending Collateral (Note 3)	56,823	—	—
Assets Held in Escheat	—	23,998	—
Receivables:			
Accounts Receivable	85,051	15	444,815
Interest Receivable	5,686	9	337
Inventories	—	1	—
Prepaid Expenses	106	—	—
Capital Assets:			
Land	351	—	—
Buildings	4,829	—	—
Equipment	1,539	58	—
Software	4,028	99	—
Accumulated Depreciation/Amortization	(6,214)	(90)	—
Total Capital Assets, Net	4,533	67	—
Total Assets	15,902,529	54,243	\$ 1,095,973
TOTAL DEFERRED OUTFLOWS OF RESOURCES			
(Note 15)	—	444	\$ —
LIABILITIES			
Accounts Payable	37,226	1,123	\$ 33
Obligations under Repurchase Agreements	3,373,774	—	—
Accrued Payroll	—	23	—
Due to Other Entities	—	—	1,069,791
Due to Individuals	—	—	26,149
Securities Lending Obligation (Note 3)	58,390	—	—
Unearned Revenue (Note 1)	3,846	—	—
Claims Liability	9,888	—	—
Compensated Absences	606	41	—
Net Pension Liability	—	1,093	—
Total Liabilities	3,483,730	2,280	\$ 1,095,973
TOTAL DEFERRED INFLOWS OF RESOURCES			
(Note 15)	—	12	\$ —
Net Position Restricted for Pension Benefits, OPEB, Deferred Compensation, and Other Purposes	\$ 12,418,799	\$ 52,395	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 643,464	\$ —
Plan Member	138,368	—
Other	109,715	—
Total Contributions	891,547	—
Investment Earnings:		
Increase (Decrease) in Appreciation of Assets	649,589	7,305
Interest and Dividends	189,788	751
Securities Lending Income	641	—
Total Investment Earnings	840,018	8,056
Less Investment Expenses:		
Investment Activity Expense	(170,731)	—
Securities Lending Expense	(341)	—
Total Investment Expense	(171,072)	—
Net Investment Earnings (Loss)	668,946	8,056
Unclaimed Property	—	30,132
Cost Reimbursement/Miscellaneous	2,982	6,963
Total Additions	1,563,475	45,151
Deductions:		
Benefits	1,261,626	—
Administrative Expenses	23,166	2,522
Program Distributions	80,363	53,600
Service Transfer Payments	1,844	—
Depreciation/Amortization	586	38
Total Deductions	1,367,585	56,160
Change in Net Position	195,890	(11,009)
Net Position - Beginning of Year (Note 18)	12,222,909	63,404
Net Position - End of Year	\$ 12,418,799	\$ 52,395

The notes to the financial statements are an integral part of this statement.



*The **Component Units** account for all transactions relating to legally separate entities which, for reporting purposes, are a part of the State.*

Component Unit Financial Statements

Major

College and Universities

Non-Major

Non-Major proprietary component unit statements are found in the combining fund financial statements as part of Supplementary Information.

STATE OF MISSOURI
STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2017
(In Thousands of Dollars)

	College and Universities	Non-Major	Totals June 30, 2017
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 370,111	\$ 49,481	\$ 419,592
Investments	240,057	28,723	268,780
Invested Securities Lending Collateral	7,437	—	7,437
Receivables, Net	514,150	1,644	515,794
Inventories	58,337	1	58,338
Restricted Assets:			
Cash and Cash Equivalents	190,521	596	191,117
Investments	23,510	11,413	34,923
Receivables, Net	26,982	5,456	32,438
Deposits and Prepaid Expenses	44,577	213	44,790
Other Assets	767	—	767
Total Current Assets	<u>1,476,449</u>	<u>97,527</u>	<u>1,573,976</u>
Non-Current Assets:			
Investments	2,379,193	24,860	2,404,053
Receivables, Net	136,300	25,597	161,897
Restricted Assets:			
Cash and Cash Equivalents	11,170	8,356	19,526
Investments	1,388,466	11,957	1,400,423
Receivables, Net	1,492	22,669	24,161
Other Assets	18,427	—	18,427
Capital Assets, Net of Accumulated Depreciation/Amortization (Note 5)	<u>5,404,151</u>	<u>67,253</u>	<u>5,471,404</u>
Total Non-Current Assets	<u>9,339,199</u>	<u>160,692</u>	<u>9,499,891</u>
Total Assets	<u>10,815,648</u>	<u>258,219</u>	<u>11,073,867</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	<u>442,016</u>	<u>1,330</u>	<u>443,346</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	501,924	266	502,190
Due to Primary Government (Note 16)	—	563	563
Securities Lending Obligation	7,437	—	7,437
Unearned Revenue (Note 1)	136,149	—	136,149
Deposits	91,170	—	91,170
Claims Liability (Note 22)	45,688	—	45,688
Compensated Absences	75,719	74	75,793
Other Postemployment Obligations, Net	386	—	386
Capital Lease Obligations (Note 6)	5,624	—	5,624
Bonds and Notes Payable (Note 12)	<u>357,366</u>	<u>214</u>	<u>357,580</u>
Total Current Liabilities	<u>1,221,463</u>	<u>1,117</u>	<u>1,222,580</u>
Non-Current Liabilities:			
Accounts Payable and Accrued Liabilities	53,697	—	53,697
Advance from Primary Government (Note 16)	—	517	517
Unearned Revenue (Note 1)	17,211	837	18,048
Deposits and Reserves	402	15,433	15,835
Claims Liability (Note 22)	45,201	—	45,201
Compensated Absences	32,982	40	33,022
Other Postemployment Obligations, Net	220,657	—	220,657
Capital Lease Obligations (Note 6)	39,885	—	39,885
Bonds and Notes Payable (Note 12)	2,041,547	19,482	2,061,029
Net Pension Liability	<u>1,328,141</u>	<u>2,298</u>	<u>1,330,439</u>
Total Non-Current Liabilities	<u>3,779,723</u>	<u>38,607</u>	<u>3,818,330</u>
Total Liabilities	<u>5,001,186</u>	<u>39,724</u>	<u>5,040,910</u>
DEFERRED INFLOWS OF RESOURCES (Note 15)	<u>55,950</u>	<u>60</u>	<u>56,010</u>
NET POSITION			
Net Investment in Capital Assets	3,006,213	47,557	3,053,770
Restricted for:			
Expendable	588,606	—	588,606
Non-Expendable	1,156,556	—	1,156,556
Other Purposes	—	96,052	96,052
Unrestricted	<u>1,449,153</u>	<u>76,156</u>	<u>1,525,309</u>
Total Net Position	<u>\$ 6,200,528</u>	<u>\$ 219,765</u>	<u>\$ 6,420,293</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION/STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	College and Universities	Non-Major	Totals June 30, 2017	Adjustments	Statement of Activities
Revenues:					
Operating Revenues:					
Licenses, Fees, and Permits	\$ —	\$ 1,188	\$ 1,188	\$ —	\$ 1,188
Student Tuition and Fees (Net of Scholarship Allow.)	1,035,576	—	1,035,576	—	1,035,576
Sales and Services of Educational Departments	48,419	—	48,419	—	48,419
Auxiliary Enterprises	1,957,920	—	1,957,920	—	1,957,920
Leases and Rentals	—	6,635	6,635	—	6,635
Cost Reimbursement/Miscellaneous	91,019	2,506	93,525	1,175	94,700
Total Charges for Services					3,144,438
Federal Appropriations, Grants, and Contracts	190,023	—	190,023	200,096	390,119
State Grants and Contracts	89,642	—	89,642	748,451	838,093
Private Gifts, Grants, and Contracts	80,556	—	80,556	94,365	174,921
Additions to Endowments	1,226	—	1,226	33,139	34,365
Total Operating Grants and Contributions					1,437,498
Interest Revenue	—	2,070	2,070	(2,070)	
Total Operating Revenues	3,494,381	12,399	3,506,780	1,075,156	
Expenses:					
Operating Expenses:					
Personal Service	2,799,191	1,680	2,800,871	—	2,800,871
Operations	—	4,591	4,591	—	4,591
Specific Programs	—	650	650	—	650
Scholarships and Fellowships	144,703	—	144,703	—	144,703
Utilities	33,818	—	33,818	—	33,818
Supplies and Other Services	1,174,879	—	1,174,879	—	1,174,879
Contracted Services	37,370	—	37,370	—	37,370
Interest Expense	—	—	—	96,989	96,989
Depreciation/Amortization	316,600	1,988	318,588	—	318,588
Bad Debt Expense	—	22	22	—	22
Miscellaneous	37,216	67	37,283	2,572	39,855
Total Operating Expenses	4,543,777	8,998	4,552,775	99,561	4,652,336
Operating Income (Loss)	(1,049,396)	3,401	(1,045,995)	975,595	
Non-Operating Revenues (Expenses):					
Federal Appropriations, Grants, and Contracts	200,096	—	200,096	(200,096)	—
State Appropriations, Grants, and Contracts	748,451	—	748,451	(748,451)	—
Private Gifts, Grants, and Contracts	94,365	—	94,365	(94,365)	—
Contributions and Intergovernmental	—	4,682	4,682	—	4,682
Total Unrestricted Grants and Contributions					4,682
Investment Earnings:					
Increase (Decrease) in the Fair Value of Investment and Endowment Income (Loss)	—	(482)	(482)	—	(482)
Interest	294,098	—	294,098	—	294,098
Interest and Bond Related Expenses	—	1,115	1,115	2,070	3,185
Gain (Loss) on Sale of Capital Assets	(95,993)	(996)	(96,989)	96,989	—
Miscellaneous Revenues (Expenses)	(2,521)	—	(2,521)	2,521	—
Total Unrestricted Investment Earnings	1,175	(51)	1,124	(1,124)	—
Total Non-Operating Revenues (Expenses)	1,239,671	4,268	1,243,939	(942,456)	296,801
Income Before Other Revenues (Expenses) Or Gains (Losses)	190,275	7,669	197,944	33,139	
State Capital Appropriations	162,977	—	162,977	—	162,977
Total Capital Grants and Contributions					162,977
Additions to Endowments	33,139	—	33,139	(33,139)	—
Special Items	—	5,868	5,868	—	5,868
Change in Net Position	386,391	13,537	399,928	—	399,928
Net Position - Beginning of Year (Note 18)	5,814,137	206,228	6,020,365	—	6,020,365
Net Position - End of Year	\$ 6,200,528	\$ 219,765	\$ 6,420,293	\$ —	\$ 6,420,293

The notes to the financial statements are an integral part of this statement.



The Notes to the Financial Statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies

A. Financial Statements and Reporting Entity

The accompanying financial statements of the State of Missouri (primary government) and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The financial statements include the departments, agencies, boards, commissions, and other organizational units over which the State has financial accountability. GASB set forth the following criteria in Statement No. 14, *The Financial Reporting Entity*, for determining financial accountability: appointment of a voting majority of an organization's governing body and either: 1) the ability to impose the State's will on the organization; or 2) the organization's ability to provide specific benefits to, or impose specific burdens on, the primary government. Where the State does not appoint a voting majority of the governing body, the entity would still be included if it is fiscally dependent on the State. Statement No. 39, *Determining Whether Certain Entities are Component Units*, added a requirement to include all entities whose relationship with the State would make it misleading to exclude it. Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, improves financial reporting by amending GASB Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in blending component units: 1) if there is a financial benefit or burden relationship with the primary government; 2) management of the primary government has operational responsibility for the component unit's activities; and 3) if the total outstanding debt is expected to be repaid entirely or almost entirely with the resources of the primary government. GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, requires component units to be blended if they are incorporated as not-for-profit corporations and the primary government is the sole corporate member.

In addition to the legislative, executive, and judicial branches, the following organizations are included in these financial statements:

Component Units (Blended):

Blended component units are legally separate entities from the State, but are so intertwined with the State that they are, for all practical purposes, the same as the State. They are reported as part of the primary government and blended into the appropriate funds. The following component units are blended because they provide services entirely or almost entirely to the primary government:

Governmental Funds:

Board of Fund Commissioners – The Board was created by state law and is comprised of the Governor, Lieutenant Governor, Attorney General, State Treasurer, and the Commissioner of Administration. The Board's purpose is to issue, redeem, and cancel state general obligation bonds and perform other administrative activities related to state general obligation debt as assigned by law. Separate financial statements are not required or issued for the Board.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

Board of Private Investigator and Private Fire Investigator Examiners – The Board was created by state law and is charged with the licensure and regulation of the practice of private investigators and private fire investigators in Missouri. The seven member board shall consist of three private investigators, two private fire investigators, and two public members, appointed by the Governor. The Board is appointed by the primary government. It is therefore considered blended special revenue fund and shown in the financial statements as part of the primary government.

Board of Unemployment Fund Financing – The Board was created by state law to provide a method of providing funds for the payment of unemployment benefits and maintaining an adequate fund balance in the Unemployment Compensation Fund. The Board is comprised of the Governor, Lieutenant Governor, Attorney General, the Director of the Department of Labor and Industrial Relations, and the Commissioner of Administration. The Board is substantively the same as the primary government and is therefore reported as part of the primary government, within the General Fund .

Coordinating Board for Early Childhood – The Board was created by state law within the Missouri Children's Services Commission. The Board's purpose is to develop a comprehensive statewide long-range strategic plan for a cohesive early childhood system, and to work with public and private entities for the purpose of promoting and improving the development of Missouri's children from birth through age five. The 17 member Board is composed of representatives from the Governor's Office; the following departments: Health and Senior Services, Mental Health, Social Services, and Elementary and Secondary Education; the judiciary; the Family and Community Trust Board; the Head Start Program; and nine members appointed by the Governor. The majority of the board members are appointed by the primary government and, therefore, separate financial statements are not required for the Board.

Missouri State Penitentiary Redevelopment Commission – The Commission was established to coordinate the planning and redevelopment of the old Jefferson City Correctional Center. The ten member commission consists of three members appointed by the Jefferson City mayor, three members appointed by the Cole County Commission, and four members appointed by the Governor. The majority of the board members are appointed by the primary government. Therefore, it is considered a blended special revenue fund and is shown in the financial statements as part of the primary government.

Internal Service Funds:

Board of Public Buildings – This is reported with the State Facility Maintenance and Operation Fund. The Board was created by state law and its governing body is made up of the Governor, the Lieutenant Governor, and the Attorney General. Its purpose is to provide state buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Facilities Management, Design and Construction, and its projects must be approved by the General Assembly. The Board can require state agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds and pay the costs of operations.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

Conservation Employees' Insurance Plan – The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a five member board of trustees made up of three members of the Plan appointed by the Conservation Commission which consist of two Conservation employees and Division Chief, the Chief Financial Officer, and the Human Resources Division Chief. Copies of the Plan's financial statements may be requested from:

Missouri Department of Conservation
P.O. Box 180
Jefferson City, Missouri 65102

Transportation Self-Insurance Plan – The Plan provides fleet vehicle liability, workers' compensation, and general liability insurance. The Plan is administered by the Missouri Department of Transportation. Additional information may be requested from:

Missouri Department of Transportation
Financial Services Division
P.O. Box 270
Jefferson City, Missouri 65102

Missouri State Employee's Insurance Plan – The Plan was created to provide basic life insurance to eligible members and is administered through the Missouri State Employees' Retirement System (MOSERS). Death benefits, optional life insurance, and long-term disability benefits are also provided by the Plan for certain members. Copies of the System's financial statements may be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
Jefferson City, Missouri 65102-0209

Missouri Consolidated Health Care Plan (MCHCP) – The Plan was created by state law to provide medical benefits to its members and is administered by a board of trustees. The Board consists of two members of the Senate; two members of the House; six members appointed by the Governor; the Director of the Department of Health and Senior Services; the Director of the Department of Insurance, Financial Institutions and Professional Registration; and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the Board. Copies of the Plan's financial statements may be requested from:

Missouri Consolidated Health Care Plan
P.O. Box 104355
832 Weathered Rock Court
Jefferson City, Missouri 65110-4355

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

MoDOT/MSHP Medical and Life Insurance Plan – The Plan provides health and life insurance coverage to eligible employees, retirees, and their dependents of the Missouri Department of Transportation (MoDOT) and the Missouri State Highway Patrol (MSHP). The Plan is administered by a board of trustees consisting of four active MoDOT employees, one retired MoDOT employee appointed by the Director of MoDOT, two active MSHP employees, and one retired MSHP employee appointed by the Superintendent of MSHP. Additional information may be requested from:

Missouri Department of Transportation
Financial Services Division
P.O. Box 270
Jefferson City, Missouri 65102

Pension (and other employee benefit) trust funds:

Missouri State Employees' Retirement System (MOSERS) – The System was created by state law and provides retirement, survivor, and disability benefits to its members and is administered by a board of trustees. The Board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer, and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the Board. The MOSERS Board of Trustees also oversees the State's Deferred Compensation Plan which is administered by a third party. Copies of the System's financial statements may be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
Jefferson City, Missouri 65102-0209

Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) – The System provides retirement, survivor, and disability benefits to qualified employees of the Missouri Department of Transportation, uniformed and non-uniformed members of the Missouri State Highway Patrol, and MPERS staff. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the Director of the Missouri Department of Transportation, the Superintendent of the Missouri State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by the Missouri State Highway Patrol employees, one retired member elected by retired MoDOT employees, and one retired member elected by retired Missouri State Highway Patrol employees. Copies of the System's financial statements may be requested from:

Missouri Department of Transportation and
Highway Patrol Employees' Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

Missouri Consolidated Health Care Plan (MCHCP) State Retiree Welfare Benefit Trust – The Trust was established on June 27, 2008, to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the State and their dependents who meet eligibility requirements, except those covered by other State sponsored post-employment benefit plans. The Trust is administered by the MCHCP board of trustees, which also administers the benefits for the active participants of the Plan. The net position and activity related to active participants are reported in an internal service fund. Copies of the Plan's financial statements may be requested from:

Missouri Consolidated Health Care Plan
P.O. Box 104355
832 Weathered Rock Court
Jefferson City, Missouri 65110-4355

Missouri State Public Employees' Deferred Compensation Plan – The Missouri State Public Employees' Deferred Compensation Plan is administered by ICMA-RC and oversight of the Plan is provided by the MOSERS board of trustees. Under this Plan, employees are permitted to defer a portion of their current salary until future years. In addition, eligible employees have the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25, \$30, or \$35 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. However, due to budget constraints, the State's contribution amount was suspended in March 2010. Copies of financial statements for both Plans may be requested from:

Plan Administrator
c/o MOSERS
P.O. Box 209
Jefferson City, Missouri 65102-0209

Component Units (Discretely Presented):

Discretely presented component units are legally separate entities for which the State is financially accountable. The financial data for these entities is reported separately from the financial data of the primary government.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

Major

College and Universities - The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public college and universities included in the financial statements:

Harris-Stowe State University

3026 Laclede Avenue
St. Louis, Missouri 63103

Lincoln University

820 Chestnut Street
Jefferson City, Missouri 65102

Missouri Southern State University

3950 East Newman Road
Joplin, Missouri 64801-1595

Missouri State University

901 South National Avenue, Room 119
Springfield, Missouri 65897

Missouri Western State University

4525 Downs Drive
St. Joseph, Missouri 64507

Northwest Missouri State University

107 Administration Building
800 University Drive
Maryville, Missouri 64468-6001

Southeast Missouri State University

One University Plaza, Mail Stop 3200
Cape Girardeau, Missouri 63701

State Technical College of Missouri

One Technology Drive
Linn, Missouri 65051

Truman State University

Business Office
100 East Normal
Kirksville, Missouri 63501

University of Central Missouri

316 Administration Building
Warrensburg, Missouri 64093

University of Missouri System

118 University Hall
Columbia, Missouri 65211

Non-Major

Missouri Development Finance Board - The Board was created by state law as an independent, self-supporting, body corporate and politic to promote economic development of the State and was created within the Department of Economic Development. The Board is empowered to issue taxable, tax-exempt, and public purpose infrastructure industrial revenue bonds or notes; provide loans or loan guarantees to eligible businesses; provide loans and grants to political subdivisions to fund public infrastructure improvements; and issue tax credits against certain state income taxes in exchange for contributions made to the Board. The twelve member board is made up of the Lieutenant Governor and the Directors of the Department of Economic Development, the Department of Natural Resources, and the Department of Agriculture, who serve as ex-officio voting members, and eight members appointed by the Governor and confirmed by the Senate. Copies of the Board's financial statements may be requested from:

Missouri Development Finance Board
Governor Office Building
200 Madison Street, Suite 1000
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

Missouri Agricultural and Small Business Development Authority - The Authority was created by state law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements may be requested from:

Missouri Agricultural and Small
Business Development Authority
P.O. Box 630
1616 Missouri Boulevard
Jefferson City, Missouri 65102

Missouri Transportation Finance Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus state and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to assist public and private entities fund highway and transportation projects throughout the State. Missouri Transportation Finance Corporation's board determines which applicants are extended loans. Copies of the Corporation's financial statements may be requested from:

Missouri Department of Transportation
Central Office, Financial Services
105 West Capitol Avenue
Jefferson City, Missouri 65101

Missouri Wine and Grape Board – The Board was created by state law to further growth and development of the grape growing industry in Missouri and foster the expansion of the grape market for Missouri grapes. The eleven member board consists of seven members representing the grape and wine industry, food service industry, or media marketing industry. The four other members include the director of the Department of Agriculture and the presidents of the Missouri Grape Growers Association, the Missouri Vintners Association, and the Missouri Wine Marketing and Research Council. Copies of the Board's annual report may be requested from:

Missouri Wine and Grape Board
P.O. Box 630
1616 Missouri Boulevard
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

Related Organizations

Related organizations are excluded from the financial reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. Related organizations of the State of Missouri include:

Missouri Health and Educational Facilities Authority – finances health and educational facilities.

Missouri Higher Education Loan Authority – provides a secondary market for loans made under the Federal Family Education Loan Program.

Missouri Housing Development Commission – finances the purchase, development or rehabilitation of affordable housing and funds housing assistance.

Missouri Technology Corporation – promotes the modernization of businesses through the development of science and technology applications.

Missouri Public Entity Risk Management Fund – provides liability protection to participating public entities, their officials, and employees.

State Environmental Improvement and Energy Resources Authority – finances, acquires, constructs, and equips projects to reduce, prevent, and control pollution and develop the energy resources of the State.

Jackson County Sports Complex Authority – responsible for construction, operation, and financing of the Jackson County Sports Complex.

Kansas City Regional Sports Complex Authority – responsible for the study and review of all current major sports leagues, clubs, or franchises in Kansas City.

St. Charles County Convention and Sports Facility Authority – responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area.

Missouri Cotton Growers' Organization – organized for boll weevil eradication.

KCT Intermodal Transportation Corporation – organized to pay for a railroad bridge in the Blue Valley Industrial District in Kansas City.

Westside Intermodal Transportation Corporation – organized to pay for rail additions and improvements of the Kansas City Terminal Railway.

Universal Service Board – organized to ensure just, reasonable, and affordable rates for comparable essential local telecommunication services throughout the State.

Interstate Commission for Adult Offender Supervision – responsible for promoting public safety and protecting the rights of victims through the control and regulation of the interstate movement of adults placed under community supervision.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

Board of Trustees of the Missouri Mesothelioma Risk Management Fund – provides coverage of liabilities for participating employers relating to mesothelioma awards.

P-20 Council – organized to create a more efficient and effective education system that more adequately prepares students for the challenges of entering the workforce.

Missouri Propane Safety Commission – responsible for developing comprehensive plans and programs for the prevention, control, and abatement of propane-related accidents in Missouri.

Missouri Family Trust Board of Trustees – provides trust services for persons with disabilities.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements:

The government-wide financial statements focus on the government as a whole. The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Governmental activities include governmental type funds and internal service funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services and consist of enterprise funds.

The Statement of Net Position presents the reporting entity's non-fiduciary assets plus deferred outflows and liabilities plus deferred inflows with the difference reported as net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Indirect costs, such as depreciation/amortization expense, are included in the direct expenses reported for individual functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary funds have been excluded from the government-wide financial statements because, by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly understate both expenses of the buyer and revenues of the seller.

The difference between fund assets plus deferred outflows and liabilities plus deferred inflows is reported as "Net Position" on the government-wide, proprietary, and fiduciary fund statements and "Fund Balance" on the governmental fund financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary fund financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Internal service funds are also aggregated and reported in a separate column on the proprietary fund financial statements.

The governmental fund financial statements are presented using the current financial resources measurement focus and modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Material revenues susceptible to accrual include federal grants and sales and income taxes. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the Missouri Road Fund, which updates inventory perpetually under the consumption method.

The proprietary, pension (and other employee benefit) trust, and private-purpose trust fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. With the economic resources measurement focus, assets, deferred outflows, liabilities, and deferred inflows associated with the operation of these funds are included on the Statement of Net Position. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund-type operating statements present revenues and expenses in total net position. Operating revenues and expenses in proprietary funds are classified as those activities that make up the primary ongoing operations associated with those funds. Non-operating revenues and expenses in proprietary funds are classified as those activities that are deemed incidental or unusual for those funds.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The agency fund financial statements are presented on the accrual basis of accounting.

The discretely presented component unit financial statements are presented using the economic resources measurement focus and accrual basis of accounting with the following exception in regard to the college and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

The State reports the following major funds categories:

General Fund – accounts for all current financial resources not required by law or administrative action to be accounted for in another fund. Major revenues include contributions and taxes.

Public Education – provides general and special education needs of the State and other related areas such as library services and student loans. Major revenues include contributions and taxes.

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment. Major revenues include contributions, taxes and licenses, fees, and permits.

Missouri Road Fund – accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. Major revenues are from contributions.

State Lottery – accounts for proceeds from the sale of lottery tickets and all other moneys credited to this fund. A minimum of 45% of the moneys are used for prizes. Major revenues are from sales of lottery tickets.

Unemployment Compensation – accounts for contributions, payments, and federal loans collected under the provisions of the Unemployment Compensation Law to pay benefits. Major revenues include federal and employer contributions.

Petroleum Storage Tank Insurance – accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks. Major revenues are from fees.

C. Basis of Presentation

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three categories of funds and discretely presented component units:

Primary Government:

Governmental Funds include the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

Proprietary Funds include enterprise funds and internal service funds. These funds account for the cost of certain services provided by the State.

Fiduciary Funds include pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments, and other entities.

Discretely Presented Component Units:

Major

College and Universities account for moneys from student tuition and fees, federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are accounted for on the Statement of Net Position. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Position/Statement of Activities.

Non-Major

Non-Major Component Units account for moneys from bond proceeds, loans, contributions, gifts, grants, and other revenue sources. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are accounted for on the Statement of Net Position. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Position/Statement of Activities.

D. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include bank accounts, petty cash, and all investments with an original maturity of 92 days or less, such as certificates of deposit, money market certificates, and repurchase agreements. Cash and cash equivalents on the Proprietary Funds Statement of Cash Flows are also reported under this definition. This definition excludes Fiduciary funds. Cash balances of most state funds are pooled and invested by the State Treasurer (see *Note 3*).

E. Investments

These are long-term investments with an original maturity greater than 92 days which are expected to be held to maturity and redeemed at face value. The majority of investments are reported in pension (and other employee benefit) trust funds, however, investments are held in all fund types. Repurchase agreements held by the State Treasurer's Office are reported at amortized cost. The Missouri State Public Employees' Deferred Compensation Plan and the Missouri State Public Employees' Deferred Compensation Incentive Plan report their Stable Value Funds at contract value. All other investments of the State are reported at fair value.

There are multiple funds that have income from investments which are directed to the General Fund. These funds consist of special revenue, enterprise, internal service, private-purpose, and agency funds.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

F. Interfund Receivables/Payables

The State makes various transactions between funds or between the primary government and component units to distribute interest earnings, finance operations, provide services, and acquire capital assets. These receivables at June 30 are classified as “due from other funds” or “due from primary government/component units” on the Balance Sheet and Statement of Net Position. Payables are classified as “due to other funds” or “due to primary government/component units” on the Balance Sheet and Statement of Net Position (see *Note 16*). These receivables/payables are due within one year. Any receivables/payables that are due to and due from an enterprise fund are eliminated on the face of the Proprietary Funds Statement of Net Position. If any receivables/payables that remain after this elimination are both in the same activity (Governmental), they are eliminated at the Government-Wide Statement of Net Position. Interfund receivables/payables between the primary government and the component units are reclassified as accounts receivable/payable at the government-wide level. Any remaining interfund receivables/payables are reported as internal balances on the Government-Wide Statement of Net Position.

G. Advances to/from Other Funds

Long-term interfund receivables are classified as “advances to other funds” or “advances to primary government/component units” on the Balance Sheet and Statement of Net Position. Long-term interfund payables are classified as “advances from other funds” or “advances from primary government/component units” on the Balance Sheet and Statement of Net Position (see *Note 16*). These receivables/payables are eliminated if both the receivable and payable are in the same activity (Governmental). Advances to/from that are between the primary government and the component units are reclassified as accounts receivable/payable at the government-wide level. Any remaining long-term interfund receivables/payables are reported as internal balances on the Government-Wide Statement of Net Position.

H. Inventories

Inventories in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the Missouri Road Fund, which updates inventory perpetually under the consumption method. Inventory balances for governmental funds are shown in the nonspendable fund balance classification. Inventories in the proprietary funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average; weighted average; and first-in, first-out.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

I. Capital Assets

Capital assets, which include construction in progress, software in progress, infrastructure in progress, land, land improvements, permanent and temporary easements, buildings and improvements, equipment, software, trademarks, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated acquisition value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Notes 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of capital assets are not capitalized.

The capitalization threshold for all capital assets is as follows: land improvements – \$15,000, buildings and improvements – \$15,000, software and trademarks – \$5,000, and equipment – \$1,000. No dollar threshold is set for land, easements, or infrastructure.

Capital assets are depreciated/amortized using the straight-line method of depreciation/amortization over the following useful lives: buildings – 40 to 50 years, land improvements and building improvements – 15 to 20 years, temporary easements – term of easement, equipment – 2 to 5 years, software – 3 to 5 years, trademarks – 10 years, and infrastructure – 12 to 50 years. Construction in progress, software in progress, infrastructure in progress, land, and permanent easements are not depreciated/amortized.

Most works of art and historical treasures are not capitalized or depreciated/amortized. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, monuments, and other art throughout the capitol grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component unit capital assets are stated at cost and are depreciated/amortized using the straight-line method of depreciation/amortization over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, equipment – 5 to 15 years, and software – 3 to 5 years.

J. Deferred Outflow of Resources and Deferred Inflow of Resources

In addition to assets, the Statement of Net Position/Balance Sheet may report a separate line item for deferred outflows of resources. Deferred outflows of resources consist of the decrease of net position by the State that is applicable to a future reporting period and will not be recognized as outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position/Balance Sheet may report a separate line item for deferred inflows of resources. Deferred inflows of resources consist of the increase of net position by the State that is applicable to a future reporting period and will not be recognized as inflow of resources (revenue) until then.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

K. Unearned Revenues

Unearned revenues are amounts collected in advance of the year in which earned.

L. Long-Term Debt

Long-term liabilities that will be financed from governmental funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for the long-term liabilities of governmental funds. These long-term liabilities include the following:

1. Due to Other Entities includes outstanding principal on advances from other governments and contractual obligations to other governments. The expenditures are recorded in the appropriate governmental funds when the liability is paid (see *Note 11*).
2. Outstanding principal for general obligation debt. The expenditure for payment of principal and interest for general obligation debt is recorded in the debt service funds when paid (see *Note 12*).
3. Outstanding principal for bonds issued by the Board of Public Buildings, bonds issued by the Health and Educational Facilities Authority, the Regional Convention and Sports Complex Authority, the Missouri Development Finance Board, and the State Road Bonds issued by the Missouri Highways and Transportation Commission. The expenditure for payment of principal and interest for these bonds is recorded in the appropriate governmental funds when paid (see *Note 12*).
4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. Premiums on debt issuances are reported as other financing sources (see *Note 11*).

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, proprietary funds, and the Missouri Road Fund (see *Notes 6 and 11*).
6. Pollution remediation liabilities are measured based on the pollution remediation outlays expected to be incurred to settle those liabilities. These liabilities include all remediation work that the State expects to perform, including work expected to be performed for other responsible parties or potentially responsible parties, whether or not the State is required to do that work. For goods or services used for pollution remediation activities, amounts that are normally expected to be liquidated with expendable available financial resources are recognized as liabilities upon receipt of those goods and services (see *Note 11 and 23*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

7. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds, but are recorded as expenditures when paid (see *Note 11*).

Vacation leave is accumulated at a rate of 10 to 14 hours per month depending on the number of years of employment. Accumulated vacation leave cannot exceed twice the number of vacation hours earned annually. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State. However, unused sick leave may be converted to additional credited service upon retirement (usable only for benefit computation, not eligibility).

8. Claims and contingent liabilities include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. These liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred, but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11, 22, and 24*).
9. The State provides postemployment health care and life insurance benefits to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT/MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer (see *Note 8*).
10. The State has two major retirement systems which cover substantially all State employees and a retirement plan for University of Missouri employees. These systems are the Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). The Missouri State Employees' Plan (MSEP) is a cost-sharing multiple employer defined benefit public employee retirement plan administered by MOSERS. MOSERS also administers the Judicial Plan, a single-employer defined benefit public employee retirement plan. MPERS is a single-employer defined benefit public employee retirement plan. The University of Missouri Retirement, Disability, and Death Benefit Plan is a single-employer defined benefit plan for all qualified employees.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see *Note 7*).

Long-term liabilities of all proprietary, pension (and other employee benefit) trust, and private-purpose trust funds are accounted for in the respective funds.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

M. Net Position

Net Position is reported in three categories:

Net Investment in Capital Assets – An account used to segregate the portion of net position attributable to capital assets and related debt. It consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributed to acquisition, construction, or improvement of those assets.

Restricted Net Position – An account used to segregate the portion of net position that have constraints on their use, which are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. At June 30, 2017, net position restricted by enabling legislation equaled \$511,411,000 for governmental activities.

Unrestricted Net Position – An account used to segregate the portion of net position that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, generally the State uses restricted resources first, then unrestricted resources as they are needed. However, there may be instances in which restricted funds may only be spent in proportion to unrestricted funds spent.

N. Interfund Transactions

During the fiscal year, the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. Interfund transactions consist of these three types:

1. Transactions that would be treated as revenues or expenditures/expenses, if they involved organizations external to the State, are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to internal service funds from other funds for services rendered and to agency funds for contributions for employee benefits.
2. Transactions that reimburse another fund for an expense reduce the expenses of the fund that is being reimbursed and increase the expenses for the fund doing the reimbursement. Therefore, they are not shown on the face of the statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Significant Accounting Policies (cont.)

3. Operating subsidies and transfers from funds receiving revenues to funds through which the resources are to be expended are classified as transfers (see *Note 17*). These transactions are eliminated on the face of the financial statements if the transfer in and transfer out are either both in governmental funds or both in enterprise funds. Of the remaining transfers, any transfers in and transfers out that are within the governmental activities are eliminated at the Government-Wide Statement of Activities.

O. Property Taxes

Presently there is a state property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund, which is a component of social assistance.

Property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32%, and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

Note 2 - Reporting Changes and Classifications

The State of Missouri implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ending June 30, 2017:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which addresses financial reporting for Other Postemployment Benefits in defined benefit and defined contribution plans administered through trusts meeting specified criteria, as well as guidance for plans not in a trust. For plans administered through trusts meeting the specified criteria, the standard requires a statement of fiduciary net position and a statement of changes in fiduciary net position, as well as note disclosures and RSI. The implementation of this statement did not have an impact on the State's Comprehensive Annual Financial Report, however the Missouri Consolidated Health Care Plan, the MoDOT and MSHP Medical and Life Insurance Plan, and the Conservation Employees' Insurance Plan implemented this statement in their separately issued financial statements.
- GASB Statement No. 77, *Tax Abatement Disclosures*, which requires note disclosure of programs of state and local governments that reduce tax revenues through agreements made with individuals or entities where the individual or entity promises to take specific action that contributes to the economic development of the government. It also requires disclosure of tax abatement programs initiated by other governments that reduce the reporting government's tax revenues. The implementation of this statement affects disclosures found in *Note 20 - Tax Abatement Disclosures*.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 2 - Reporting Changes and Classifications (cont.)

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and with state or local governmental employers whose employees are provided with such pensions. The statement establishes new guidance for these employers, including requirements for recognition and measurement of pension expense and liabilities, note disclosures, and RSI. The implementation of this statement did not have an impact on the financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which requires blending component units which are incorporated as not-for-profit corporations in the financial statements when the government is the sole corporate member. The implementation of this statement resulted in the blended presentation in the University of Missouri's financial statements and note disclosures of the Medical Alliance, Columbia Surgical Services (CSS), and Columbia Family Medical Services (CFMS). The Medical Alliance and CSS had previously been reported as discretely presented component units while CFMS began operations in fiscal year 2017.
- GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements Nos. 67, 68, and 73*, which addresses the presentation of payroll-related measures in RSI, the selection of assumptions and the treatment of deviations from guidance in Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy member contribution requirements. The implementation of this statement affects disclosures found in *Note 7- Retirement Systems* and RSI.

Note 3 - Deposits and Investments

The State Treasurer's Office maintains a cash and short-term investment pool that is used by substantially all state funds of the primary government. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized on the following page is the portfolio that represents the "Cash and Cash Equivalents," "Investments," "Restricted Assets – Cash and Cash Equivalents," and "Restricted Assets – Investments" as reported at June 30, 2017.

A. Deposits

The State minimizes custodial credit risk by restrictions set forth in state law and stipulations in the State Treasurer's Office Investment Policy. Custodial credit risk is risk that, in the event of the failure of a depository financial institution, the State will not be able to recover deposits or will not be able to recover collateralized securities that are in the possession of an outside party. Statutes restrict the State Treasurer's Office to deposit funds in financial institutions that are physically located in Missouri, which are selected based on financial stability and community involvement. The financial institution's loan to deposit ratio must exceed 50% at the time of deposit and deposits must be collateralized at least 100% in excess of FDIC coverage with approved securities. Deposits must have a maturity of five years or less and earn interest at varying rates based on State law.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

Primary Government

At June 30, 2017, the bank balance of the primary government's deposits was \$1,420,813,000. Of the bank amount, \$2,944,000 was exposed to custodial credit risk by being uninsured and uncollateralized, \$16,195,000 by being uninsured and collateralized with securities held by the pledging financial institutions, \$788,297,000 was held by the U.S. Treasury, and the remainder was not exposed to custodial risk.

Fiduciary

At June 30, 2017, the bank balance of the deposits of the fiduciary funds was \$111,832,000. Of the bank amount, \$54,000 was exposed to custodial credit risk by being uninsured and uncollateralized.

Component Units

Information on the component units' deposits is available within their individual financial statements.

B. Investments

Statutes authorize the State Treasurer's Office to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker's acceptances maturing within 180 days, or in repurchase agreements maturing within 90 days secured by U.S. Treasury, or Agency securities of any maturity. There have been no violations of these investment restrictions during fiscal year 2017.

The State Treasurer's Office minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by establishing a pre-approved list of financial institutions and companies that will be used to purchase commercial paper. The State Treasurer's Office also conducts regular credit monitoring, pre-qualifies the financial institutions and brokers/dealers with which the State Treasurer's Office will do business for broker services and repurchase agreements, and diversifies the portfolio to reduce potential losses on individual securities.

Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the State will not be able to recover the value of their investment or collateral securities that are in the possession of an outside party. The State Treasurer's Office minimizes custodial credit risk by requiring that all securities be held in the State's name at the State's custodial bank, Wells Fargo Bank, National Association, or at one of the State Treasurer's Office approved collateral custodians.

Primary Government

At June 30, 2017, the reported amount of the primary government's investments was \$3,404,520,000. Of this amount, \$151,664,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

Fiduciary

At June 30, 2017, the reported amount of the fiduciary funds investments was \$16,329,857,000. Of this amount, \$19,961,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

Component Units

Information on the component units investments is available within their individual financial statements.

The following table (in thousands of dollars) provides information about the interest rate risks associated with the State's investments. Statutes also authorize investment of funds not held by the State Treasurer's Office. The externally-held internal service funds, the agency and pension (and other employee benefit) trust funds, and the component units, in accordance with statutory authority, invest primarily in U.S. government securities, repurchase agreements, preferred and common stocks, bonds, real estate, fixed income securities, mutual funds, and investments in limited partnerships. The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity, or in certain instances, a weighted average maturity in years. The State Treasurer's Office minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 2.5 years, and holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less.

	Maturity in Years					Total Fair Value *
	Less than 1	1-5	6-10	More than 10	No Maturity	
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Treasury Securities	\$ 366,245	\$ 41,282	\$ 12,633	\$ 7,916	\$ —	\$ 428,076
U.S. Agency Securities	304,164	1,726,043	—	—	—	2,030,207
U.S. Government Guaranteed Mortgages	97	4,911	—	—	—	5,008
Collateralized Mortgage Obligations	60	1,867	—	—	—	1,927
U.S. Agency- Sponsored Securities	7,554	111,222	902	—	—	119,678
Repurchase Agreements	807,182	—	—	—	—	807,182
Stocks	—	—	—	—	6,768	6,768
Bonds	279	934	412	627	—	2,252
Certificates of Deposit	—	594	—	—	—	594
Mutual Funds	—	—	—	—	2,828	2,828
Subtotal	<u>1,485,581</u>	<u>1,886,853</u>	<u>13,947</u>	<u>8,543</u>	<u>9,596</u>	<u>3,404,520</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

	Maturity in Years					Total Fair Value	*
	Less than 1	1-5	6-10	More Than 10	No Maturity		
Fiduciary Funds:							
U.S. Government Securities	47,943	16,251	—	66,394	—	130,588	
U.S. Treasury Securities	793,523	2,625,074	—	1,032,626	—	4,451,223	
U.S. Agency Securities	3,689	53,708	12,455	38,794	—	108,646	
U.S. Government Mortgage-Backed Securities	—	12,669	1,230	34,230	—	48,129	
U.S. Agency-Sponsored Securities	19,961	—	—	—	—	19,961	
Repurchase Agreements	20,035	—	—	—	—	20,035	
Stocks	—	—	—	—	648,889	648,889	
Bonds	2,501	834,994	33,584	115,261	6,803	993,143	
International Equities	—	48,598	—	—	932,693	981,291	
Mortgages/Real Estate	—	12,429	—	54,214	241,421	308,064	
Asset-Backed Securities	—	405	101,341	90,644	—	192,390	
Short-Term Securities	2,586,356	—	—	—	—	2,586,356	
Foreign Currencies	85	—	—	—	—	85	
Mutual Funds	—	—	—	—	1,204,270	1,204,270	
Venture Capital Limited Partnership	—	—	—	—	4,480,294	4,480,294	
Absolute Return	—	—	—	—	149,641	149,641	
Other	—	—	—	—	6,852	6,852	
Subtotal	3,474,093	3,604,128	148,610	1,432,163	7,670,863	16,329,857	
Total Investments	\$ 4,959,674	\$ 5,490,981	\$ 162,557	\$ 1,440,706	\$ 7,680,459	\$ 19,734,377	

*The State Treasurer's Office reports their repurchase agreements in the amount of \$780,508 at amortized costs. The Missouri State Public Employees Deferred Compensation Plan and the Missouri State Public Employees Deferred Compensation Incentive Plan reports their Stable Value Funds in the amounts of \$480,000 and \$335,000 respectively, at contract value.

The State minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer's Office from investing more than 10% of the total time deposits with any single financial institution. State investment policy limits investment in commercial paper to 5% of the total portfolio per issuer and no more than 15% of the total portfolio may be invested in repurchase agreements with a single counterparty. There are no restrictions in the amount that can be invested in U.S. securities. During fiscal year 2017, the State did not have any instances of noncompliance with these requirements and policies.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

Fair Value Measurement

The State of Missouri categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are unobservable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lower level input that is significant to the valuation. The State's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The State Treasurer's Office uses the market approach for the determination of the fair value of investments, except for repurchase agreements, which are measured at amortized costs.

Debt, equities, and investment derivatives classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities and liabilities classified in level 2 have non-proprietary information that was readily available to market participants from multiple independent sources, which are known to be actively involved in the market. Pricing inputs may include market quotations, yields, maturities, call features, and ratings. A portion of the derivative securities classified in level 2 are securities whose values are derived daily from associated traded securities. Other investments listed as level 2 include debt securities where an independent pricing evaluator had direct observable information, including: trading volume, multiple sources of market data and benchmark spreads. FX forwards are included due to the valuation coming from observable forward rates on the underlying currencies. The equity index swap is included because valuation inputs include an observable interest rate and the underlying index.

Private equity securities classified at level 2 are valued at the price observed in subsequent market activity.

Investments listed as level 3 include debt securities where an independent pricing evaluator did not have direct observable information for comparable securities. Significant inputs used in the valuation are not available aside from the evaluator providing the price. Direct investments in private equity, real estate, credit, and real assets are included because the valuation techniques utilize discounted cash flows or other non-observable market information.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

Investments Measured at Fair Value as of June 30, 2017 for the Primary Government (in thousands):

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Repurchase Agreements	\$ 35,400	\$ 6,792	\$ 28,608	\$ —
Stocks	6,768	6,768	—	—
Mutual Funds	2,828	2,828	—	—
Total Equity Securities	44,996	16,388	28,608	—
Debt Securities				
U.S. Treasury Securities	428,076	58,420	369,656	—
U.S. Agency Securities	2,030,207	—	2,030,207	—
U.S. Government Guaranteed Mortgages	5,008	—	5,008	—
Collateralized Mortgage Obligations	1,928	—	1,928	—
U.S. Agency- Sponsored Securities	119,678	—	119,678	—
Bonds	2,252	2,252	—	—
Certificates of Deposit	594	594	—	—
Total Debt Securities	2,587,743	61,266	2,526,477	—
Total Primary Government Investments	\$ 2,632,739	\$ 77,654	\$ 2,555,085	\$ —

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

Investments Measured at Fair Value as of June 30, 2017 for the Fiduciary funds (in thousands):

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short Term Securities	\$ 163,527	\$ 163,527	\$ —	\$ —
Equity Securities				
Stocks	279,695	279,667	22	6
Mutual Funds	388,037	388,037	—	—
Other Investments	6,852	6,852	—	—
Total Equity Securities	674,584	674,556	22	6
Debt Securities				
U.S. Treasury Securities	4,782,174	4,723,138	59,036	—
U.S. Agency Securities	477,460	19,962	457,498	—
U.S. Short-Term Securities	717,520	717,520	—	—
Collateralized Debt Obligations	200,948	—	87,399	113,549
Repurchase Agreements	1,100,571	—	1,100,571	—
Bonds	166,031	—	75,719	90,312
Foreign Debt Securities	49,144	—	49,144	—
Mortgage Backed Securities	107,691	—	46,150	61,541
Total Debt Securities	7,601,539	5,460,620	1,875,517	265,402
Private Markets*				
Private Equity	348,962	—	—	348,962
Real Estate	72,515	—	—	72,515
Real Assets	221,757	—	—	221,757
Opportunistic Debt	156,103	—	—	156,103
Total Private Markets	799,337	—	—	799,337
Reverse Repurchase Agreements	(3,373,774)	—	(3,373,774)	—

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

Investments Measured at Fair Value as of June 30, 2017 for the Fiduciary funds (in thousands) (cont.):

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Derivative Instruments				
Future Contracts	\$ 21,913	\$ 21,913	\$ —	\$ —
Foreign Exchange Foreign	80	80	—	—
Swap Market Value	(3,925)	—	(3,925)	—
Equity Futures	151	151	—	—
Equity Swaps	(218)	—	(218)	—
FX Forwards (liabilities)	(455)	—	(455)	—
Total Investment Derivative Instruments	17,546	22,144	(4,598)	—
Total Investments by Fair Value Level	<u>\$ 5,882,759</u>	<u>\$ 6,320,847</u>	<u>\$ (1,502,833)</u>	<u>\$ 1,064,745</u>

Investments Measured at the Net Asset Value (NAV):

	Total
Active Hedge Funds	\$ 2,814,149
Commingled international equity funds	1,522,306
MOSERS investment portfolio fund	4,673
Missouri target date funds	817,453
Private equity funds	760,772
Private real estate funds	118,184
Private timber funds	216,144
Total investments measured at NAV	<u>\$ 6,253,681</u>
Total Investments Measured at Fair Value	<u>\$ 12,136,440</u>
Other Investments	
Other cash and receivables/payables	\$ (10,593)
Reported at Contract Value	814,750
Total Other Investments	<u>\$ 804,157</u>

*As of June 30 2017, Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) has unfunded commitments in private markets investments consisting of \$117,075,000 in private equity, \$68,646,000 in real estate, \$61,038,000 in real assets, and \$113,439,000 in opportunistic debt.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

Investments Measured at the Net Asset Value as of June 30, 2017 (in thousands):

Investments	Fair Value	Unfunded Commitments (U.S. Dollars)	Unfunded Commitments (Euro Currency)	Redemption Frequency (If currently eligible)	Redemption Notice Period (Days)
Active hedge funds					
Activist equity ¹	\$ 27,305	\$ —	€ —	Yearly, Every 3 Years	90
Commodity trading advisors ²	19,289	—	—	Monthly	30
Equity long/short ³	249,893	—	—	Quarterly, Semi- Annually, Annually	30-60
Equity market neutral ⁴	115,017	—	—	Quarterly for MOSERS; Monthly for MPERS	90
Event driven ⁵	230,386	—	—	Quarterly for MOSERS; Monthly for MPERS	60-90
Fund-of-funds ⁶	240,744	—	—	Monthly	95
Global asset allocation ⁷	17,771	—	—	Monthly	5
In liquidation ⁸	204,512	—	—	N/A	N/A
Macro ⁹	223,258	—	—	Monthly, Quarterly	30-90
Merger arbitrage ¹⁰	115,091	—	—	Monthly	45
Multi-strategies ¹¹	83,785	—	—	Quarterly	60-90
Risk parity ¹²	867,274	—	—	Monthly	5-15
Risk premia ¹³	408,424	—	—	Bi-weekly, Monthly	15-30
Structured credit - relative value ¹⁴	11,400	—	—	Quarterly	60
Total active hedge funds	2,814,149	—	—		
Commingled international equity funds ¹⁵	1,522,306	—	—	Daily, Monthly	0-90
MOSERS investment portfolio fund ¹⁶	4,673	—	—	Monthly	None
Missouri target date funds ¹⁷	817,453	—	—	Daily	None
Private equity funds ¹⁸	760,772	307,845	€ 869	N/A	N/A
Private real estate funds ¹⁸	118,184	19,099	—	N/A	N/A
Private timber funds ¹⁸	216,144	—	—	N/A	N/A
Total investments measured at NAV	\$ 6,253,681	\$ 326,944	€ 869		

The following is a description of valuation methodologies used for assets recorded at fair value.

¹Activist equity— This value is 100% from MPERS. Consisting of 2 funds, this strategy focuses on obtaining publicly traded shares of companies and effecting changes within the companies that it owns whether that be value creation through operational, financial or corporate governance changes. One fund's focus is on North American companies and the other fund's focus is on European and Nordic companies. Due to contractual lock-up restrictions and the necessity for activist managers to retain capital in order to realize desired company changes, 50% of this strategy's investments are eligible for redemption on a rolling 3-year basis. The remaining 50% are eligible for redemption on a rolling 1-year basis.

²Commodity trading advisors— This value is 100% from MPERS. Consisting of 1 fund, the focus is on a systematic strategy that follows medium-term trends. The value of this investment is eligible for redemption in the next 2 months.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

³Long/short equity hedge funds – This value is 89.9% from MOSERS and 10.1% from MPERS. Consisting of 3 funds for MOSERS and 3 funds for MPERS, this strategy invests both long and short in U.S. and global equity securities, with a goal of adding growth and minimizing market exposure. Due to contractual lock-up restrictions, these investments remain restricted from anywhere ranging from 4 to 18 months for MOSERS and 6 to 9 months for MPERS.

⁴Equity market neutral hedge fund – This value is 86.8% from MOSERS and 13.2% from MPERS. For MOSERS, this consists of 1 fund whereby the strategy invests both long and short in U.S. and global equity securities, with the goal of having little to no net market exposure. This investment is redeemable quarterly and is not subject to lockup restrictions. For MPERS, this consists of 1 fund whereby the strategy invests in both long and short equities capturing price differences and seeks to maintain a neutral exposure to the market by having no sector, industry, market capitalization, or country biases. Due to contractual lock-up restrictions, the value of these investments is eligible for redemption in the next 4 months.

⁵Event driven hedge funds – This value is 95.0% from MOSERS (with a redemption period of 60-65 days) and 5.0% from MPERS (with a redemption period of 90 days). Consisting of 2 funds for MOSERS and 1 fund for MPERS, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a merger, corporate action, or related event. Due to contractual lock-up restrictions, (a) approximately 29% of the value of these investments are eligible for redemption quarterly, with the remaining 71% of the value of these investments remaining restricted for 4 to 20 months for MOSERS and (b) the value of these investments is eligible for redemption in the next 4 months for MPERS.

⁶Fund-of-funds – This value is 100% from MOSERS. Consisting of 1 fund, this fund seeks to provide diversification by holding a number of funds within a single fund structure. This investment is redeemable monthly and is not subject to lock-up restrictions.

⁷Global asset allocation – This value is 100% from MPERS. Consisting of 1 fund, this strategy is highly diversified and uses fundamental research to develop systematic rules for trading positions. Due to contractual lock-up restrictions, the value of these investments is eligible for redemption in the next 4 months.

⁸Pending liquidated hedge funds – This value is 99.6% from MOSERS and .4% from MPERS. MOSERS has 12 hedge funds that have been fully redeemed as of June 30, 2017, which are awaiting final distribution of the proceeds. Approximately 83% of the value was received within 90 days of June 30, 2017. The remaining 17% will be received upon sale of the underlying investments or upon completion of the audit of the firm's annual financial statements. MPERS has a small investment in 3 hedge funds that are in liquidation and have been closed, which are awaiting the sale of the final assets.

⁹Macro hedge funds – This value is 100% from MOSERS. For MOSERS, consisting of 2 funds, this strategy seeks to take advantage of macroeconomic dislocations between countries by trading a number of different markets and financial instruments. This investment is redeemable monthly and quarterly and is not subject to lock-up restrictions.

¹⁰Merger arbitrage hedge fund – This value is 100% from MOSERS. Consisting of 1 fund, this strategy invests in the common stock of companies that are involved in publicly announced mergers and seeks to generate attractive returns while dampening volatility. These investments are redeemable monthly and are not subject to lock-up restrictions.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

- ¹¹Multi-strategy hedge fund – This value is 74.9% from MOSERS and 25.1% from MPERS. Consisting of 1 fund for MOSERS and 3 funds for MPERS, these strategies seek to generate attractive returns or diversify risk while reducing volatility. For MOSERS, this investment is redeemable quarterly and is not subject to lock-up restrictions. For MPERS, due to contractual lock-up restrictions, the value of these investments are eligible for redemption in the next 6 to 9 months.
- ¹²Risk parity funds – This value is 100% from MOSERS. Consisting of 2 funds, these strategies attempt to build a more efficient portfolio through an equal risk methodology. They take long only positions across equity indices, developed nominal bonds, TIPS, commodities and credit. Diversification benefits decrease both the expected return and volatility thus requiring leverage to maintain a similar return to a more conventional portfolio. This investment is redeemable monthly and is not subject to lock-up restrictions.
- ¹³Risk premia hedge funds – This value is 100% from MOSERS. Consisting of 2 funds, these strategies seek to capture hedge fund betas through the use of systematic, bottoms up security selection across major hedge fund strategies. Style premia such as value, momentum and carry help build the long/short portfolios. This investment is redeemable at least monthly and is not subject to lock-up restrictions.
- ¹⁴Structured credit – relative value – This value is 100% from MPERS. Consisting of 1 fund, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing or selling these instruments. Due to contractual lock-up restrictions, all funds are eligible for redemption within the next six months.
- ¹⁵Commingled international equity funds – This value is 79.3% from MOSERS (with a redemption period of 65 days) and 20.7% from MPERS (with a redemption period of 0-30 days and 90 days). These international equity funds (3 for MOSERS and 3 for MPERS) are considered to be commingled in nature. For MOSERS, each are valued at the net asset value held at the end of the period based upon the fair value of the underlying investments. For MPERS, due to contractual lock-up restrictions, 70% of this capital is eligible for redemption in 1 month; the remaining 30% has daily liquidity.
- ¹⁶MOSERS Investment Portfolio (MIP) fund - This value is 83.5% from the Deferred Compensation Plan and 16.5% from the Deferred Compensation Incentive Plan. Participant transactions (purchases and sales) may occur monthly. The significant investment strategies are designed to achieve long-term total returns, comprised of capital appreciation and income. There are no unfunded commitments. There are generally no restrictions as to the redemption of these investments nor does the Plan have any contractual obligations to further invest in any of these funds.
- ¹⁷Missouri target date funds - This value is 77.8% from Deferred Compensation Plan and 22.2% from the Deferred Compensation Incentive Plan. Participant transactions (purchases and sales) may occur daily. The significant investment strategies of the funds are to seek the highest total return over time, consistent with the fund's asset mix. The asset allocations within these target date funds adjust automatically over time. Each fund invests more aggressively in its early years and becomes more conservative as it reaches its time horizon. There are no unfunded commitments. There are generally no restrictions as to the redemption of these investments nor are there any contractual obligations to further invest in any of these funds.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

¹⁸Private equity, real estate and timber funds – This value is 100% from MOSERS. MOSERS' private equity portfolio consists of 48 funds with exposure to buyout funds, distressed funds, infrastructure, energy, royalty funds, and special situations. The real estate portfolio, comprised of five funds, invests mainly in U.S. commercial real estate. The timber portfolio consists of 4 funds which invests in global timberland. The fair values of the majority of these funds has been determined using net assets valued 1 quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments as the funds are liquidated, which on average, can occur over the span of 5 to 10 years.

The State Treasurer's Office requires investments in commercial paper and bankers' acceptances to have the highest letter and numerical ranking (such as A1/P1) as rated by at least two Nationally Recognized Statistical Rating Organizations (NRSROs). The Treasurer does not have any additional policies regarding credit ratings of investments.

The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

	Moody's	S & P	Fair Value
Primary Government/Fiduciary:			
U.S. Government Securities	NR	NR	\$ 82,622
U.S. Treasury	Aaa	AA+	897,330
	Aaa	NR	16,930
	NR	NR	36,545
U.S. Agencies	Aaa	NR	49,243
	NR	AA	47,005
	NR	NR	7,567
U.S. Government Mortgage-Backed Securities	NR	NR	36,349
Bonds	Aaa	NR	527
	Aa1	NR	476
	Aa3	NR	218
	A+	NR	10,821
	A1	NR	204
	A3	NR	139
	NR	AAA	45,435
	NR	AA+	814,750
	NR	AA	90,978
	NR	A	8,900
	NR	BBB	2,255
	NR	NR	26,447
Repurchase Agreements	Aaa	AA+	29,472
	NR	NR	1,880,571
U.S. Agency-Sponsored Securities	Aaa	AAA	9,994
	Aaa	AA+	2,134,023
	Aaa	AA	14,998
	Aaa	NR	2,810
	NR	NR	12,973

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

	Moody's	S & P	Fair Value
Asset-Backed Securities	NR	AAA	\$ 59,020
	NR	AA	48,249
	NR	A	4,504
	NR	BB	4,448
	NR	NR	76,169
Mutual Funds	3-STAR	NR	24,205
Certificates of Deposit	NR	NR	594
Pooled Investments	NR	AAA	167,537
Implicit U.S. Agencies	NR	AA	299,535
U.S. Agency Securities	Aaa	AA+	2,689
U.S Government			
Guaranteed Mortgages	Aaa	AA+	2,512
	Aaa	NR	14,276
Collateralized Mortgage			
Obligations	Aaa	AA+	1,928
	Aaa	NR	11,518
Equities	A	NR	19,143
Equity Funds	NR	NR	2,593
Fixed Income	NR	NR	235
Stocks	NR	NR	6,786
Other	NR	AAA	9,662
	NR	AA	26,756
	NR	A	9,678
	NR	BBB	25,093
	NR	BB	15,227
	NR	B	5,457
	NR	CCC	2,014
	NR	CC	143
	NR	D	4,608
	NR	NR	31,247
Total Rated Investments			<u>\$ 7,135,408</u>

NR = Not Rated.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Treasurer's Office does not have any deposits or investments in foreign currency and therefore does not have a policy regarding foreign currency risk. The Missouri State Employees' Retirement System and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System do have foreign currency deposits and investments which may be used for hedging purposes. The following table (in thousands of dollars) provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars.

Currency	Investment Type					Total
	Cash	Equities	Fixed Income	Alternatives	Real Estate	
Australian Dollar	\$ 1,599	\$ 610	\$ (276)	\$ —	\$ —	\$ 1,933
Brazilian Real	10	10,905	5,289	—	—	16,204
British Pound Sterling	894	158,079	(296)	—	11,577	170,254
Canadian Dollar	(705)	4,181	(374)	—	—	3,102
Chilean Peso	32	1,443	160	—	—	1,635
Colombian Peso	8	491	4,376	—	—	4,875
Czech Koruna	13	287	—	—	—	300
Danish Krone	—	7,916	—	—	—	7,916
Egyptian Pound	—	189	—	—	—	189
Euro	(16,060)	156,837	5,257	23,991	16,039	186,064
Hong Kong Dollar	266	107,421	—	—	—	107,687
Hungarian Forint	8	526	—	—	—	534
Indian Rupee	115	14,430	—	—	—	14,545
Indonesian Rupiah	68	4,039	5,540	—	—	9,647
Japanese Yen	2,065	271,831	—	—	—	273,896
Malaysian Ringgit	78	3,920	2,777	—	—	6,775
Mexican Peso	24	8,140	8,684	—	—	16,848
Norwegian Krone	—	2,852	—	—	—	2,852
Pakistani Rupee	—	117	—	—	—	117
Peruvian Nuevo Sol	—	—	849	—	—	849
Philippine Peso	12	1,935	—	—	—	1,947
Polish Zloty	1	2,154	5,624	—	—	7,779
Qatari Riyal	10	1,093	—	—	—	1,103
Russian Ruble	(1)	1,572	4,755	—	—	6,326
Singapore Dollar	—	36,856	—	—	—	36,856
South African Rand	(638)	10,851	5,354	—	—	15,567
South Korean Won	(699)	40,900	1,313	—	—	41,514
Swedish Krona	—	12,276	—	—	—	12,276
Swiss Franc	—	109,896	—	—	—	109,896
Taiwan New Dollar	161	52,296	—	—	—	52,457
Thai Baht	17	30,525	1,910	—	—	32,452
Turkish Lira	1	11,343	3,574	—	—	14,918
United Arab Emirates Dirham	1	1,090	—	—	—	1,091
Uruguayan Peso	—	—	456	—	—	456
Total	<u>\$ (12,720)</u>	<u>\$ 1,067,001</u>	<u>\$ 54,972</u>	<u>\$ 23,991</u>	<u>\$ 27,616</u>	<u>\$ 1,160,860</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

C. Securities Lending Program

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) board of trustees' investment policies permit the pension trust funds to participate in a securities lending program. Certain securities of the pension trust funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or government agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of market value for domestic loans and 105% of market value for international loans. MOSERS does not have the authority to pledge or sell collateral securities without borrower default. On June 30, 2017, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

Deutsche Bank AG, New York Branch served as the agent for the fixed income, domestic equity, and international equity securities lending programs. MOSERS reduces credit risk by allowing Deutsche Bank to lend these securities to a diverse group of dealers on behalf of MOSERS. Deutsche Bank provides indemnification against dealer default. With each of MOSERS' securities lending programs, a majority of loans are open loans and can be terminated on demand by either MOSERS or the borrower. Net income from the three lending programs is split on a 90/10 basis between MOSERS and Deutsche Bank, respectively.

Daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk. Cash collateral from all three programs is commingled and invested in a separately managed short-term investment account for MOSERS. The cash collateral account is managed by Deutsche Bank. On June 30, 2017, there were no securities on loans or cash collateral held in the account. At June 30, 2017 and June 30, 2016, MOSERS had earned \$22,000 and \$0, respectively, on the securities lending program.

Missouri Department of Transportation and Highway Patrol Employees' Retirement System:

In accordance with the investment policies set by the board of trustees, the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. MPERS custodial bank, Northern Trust, is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

MPERS may lend securities and receive cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. MPERS cannot pledge or sell non-cash collateral unless a borrower defaults. Borrowers are required to deliver collateral for each loan equal to: 1) 102% of the fair value of the loaned securities plus any accrued interest in the case of loaned securities denominated in United States dollars or whose primary trading market is located in the United States, and 2) 105% of the fair value of the loaned securities plus any accrued interest in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States.

MPERS did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no known failures by any borrowers to return loaned securities or pay distributions thereon during the year.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

MPERS and borrowers maintained the right to terminate all securities lending transactions on demand. At June 30, 2017, the cash collateral fund had a fair value of \$56,823,000.

At June 30, 2017 and June 30, 2016, MPERS had earned \$278,000 and \$203,000, respectively, on the securities lending program.

Component Units:

Information on the component units securities lending program is available within their individual financial statements.

D. Derivatives

Missouri State Employees' Retirement System:

While the Board has no formal policy specific to derivatives, Missouri State Employees' Retirement System (MOSERS), through its external investment managers, holds investments in futures contracts, swap contracts and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. For the year ended June 30, 2017, the change in fair value of the foreign exchange contracts resulted in \$3,200,000 of investment income. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk. At June 30, 2017, MOSERS Foreign Currency Forward Contracts had a pending receivable of \$37,025,000 and a pending payable of \$36,865,000 resulting in a final asset of \$160,000.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2017. The investments are reported at fair value and are included on the Statement of Fiduciary Net Position of the pension (and other employee benefit) trust funds.

Futures Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$1,593,465	\$24,097

Swap Contracts:

<u>Notional Amount</u>	<u>Counterparty Exposure</u>
\$1,491,463	\$3,853

Foreign Currency
Forward Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$160	\$160

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Deposits and Investments (cont.)

Missouri Department of Transportation and Highway Patrol Employees' Retirement System:

MPERS has an investment policy which holds investments in future contracts, swap contracts, options contracts, and forward foreign currency exchange contracts. Derivative financial instruments involve credit risk and market risk. The notional value related to these derivative instruments are generally not recorded on the financial statements; however, the change in market value of these instruments is incorporated in performance.

The following table (in thousands of dollars) summarizes the various contracts in MPERS portfolio as of June 30, 2017. The investments are reported at fair value and are included on the Statement of Fiduciary Net Position of the pension (and other employee benefit) trust funds.

Type	Notional/Fair Value		Unrealized Gain (Loss)	
Futures Contracts	\$	210,481	\$	15,329
Swap Contracts		26,936		2,923
Rights/Warrants		12		—
Foreign Currency Forward Contracts		(20,458)		(1,308)
Total	\$	216,971	\$	16,944

Through the use of derivatives, MPERS is exposed to risk if the counterparties involved in the contracts are unable to meet the term of their obligation. MPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. MPERS anticipates the counterparties will be able to satisfy their obligations under the contracts. The associated counterparty's credit rating is an A-.

Component Units:

Information on the component units derivatives is available within their individual financial statements.

E. Assets Held in Escheat

The Unclaimed Property Division of the Missouri State Treasurer's Office holds unclaimed stocks, bonds, mutual fund positions, and other securities that have been turned over by their holders on behalf of the securities' owners. The State takes custody of these securities until the owner claims them or if unclaimed, liquidates them after 18 to 24 months. The State holds the securities in order to return them to their owners. The State does not report these securities as investments because they do not meet the Governmental Accounting Standards Board's definition of "investments". This is because the State does not hold the securities for income or profit, nor do the securities have a present service capacity for the State. A total of \$23,998,000 of these unclaimed securities is shown as "Assets Held in Escheat" on the private-purpose trust funds combining statement of fiduciary net position in Unclaimed Property.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 4 - Governmental Fund Balance

A. Governmental Fund Balance Classifications

The State's fund balances are classified as:

Nonspendable – Amounts that are not expected to be converted to cash or amounts that are legally or contractually required to be maintained intact.

Restricted – Amounts that are restricted for specific purpose due to constraints that are externally imposed by creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the legislature. Committed amounts cannot be used for other purposes unless the General Assembly passes legislation to remove the restraints.

Assigned – Amounts that are constrained by the legislature's intent to be used for a specific purpose, but do not meet the criteria for restricted or committed. The constraint for assigned fund balance is established by the Revised Statutes of the State of Missouri.

Unassigned – Amounts that do not meet the criteria of any of the classifications listed above.

Fund Balance Classifications by Purpose – In the basic financial statements, the fund balance classifications are presented in the aggregate. The following displays the fund balances by major purpose (in thousands of dollars):

	Nonspendable	Restricted	Committed	Assigned
General Fund				
Inventories	\$ 25,246	\$ —	\$ —	\$ —
Loans Receivable	29,058	—	—	—
Consumer Protection	—	—	—	20,275
Budget Reserve	—	—	590,374	—
Education	—	3,323	—	18,654
Medical and Other Assistance	—	—	1	71,940
Energy Programs	—	—	—	27,170
Forfeited Financial Instruments	—	—	—	1,526
Federal Government	—	336,899	—	—
Taxes	—	—	—	6,043
Other	—	831	322	10,949
Total	<u>\$ 54,304</u>	<u>\$ 341,053</u>	<u>\$ 590,697</u>	<u>\$ 156,557</u>
Public Education				
Inventories	\$ 71	\$ —	\$ —	\$ —
Loans Receivable	—	—	—	888
Education	—	212,592	2,551	61,473
Total	<u>\$ 71</u>	<u>\$ 212,592</u>	<u>\$ 2,551</u>	<u>\$ 62,361</u>
Conservation and Environmental				
Inventories	\$ 331	\$ —	\$ —	\$ —
Loans Receivable	—	2,303	1,305,628	10,066
Conservation Commission	—	75,801	—	—
Environmental Conservation	—	41,935	265,039	99,903
State Parks	—	16,821	—	—
Forfeited Financial Instruments	—	—	—	927
Total	<u>\$ 331</u>	<u>\$ 136,860</u>	<u>\$ 1,570,667</u>	<u>\$ 110,896</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 4 - Governmental Fund Balance (cont.)

	Nonspendable	Restricted	Committed	Assigned
Missouri Road Fund				
Inventories	\$ 38,790	\$ —	\$ —	\$ —
Highways and Transportation	—	684,758	—	—
Total	<u>\$ 38,790</u>	<u>\$ 684,758</u>	<u>\$ —</u>	<u>\$ —</u>
Non-Major Special Revenue Funds				
Inventories	\$ 4,337	\$ —	\$ —	\$ —
Loans Receivable	—	—	—	2,906
Professional Boards and Licensure	—	—	17,168	39,192
Legal Assistance	—	24,277	314	7,401
Agriculture	—	3,529	602	6,616
Medical and Other Assistance	—	—	17,348	1,040
Transportation	—	25,353	—	165,607
Highway Patrol and Water Patrol	—	5,053	915	12,398
Workers' Compensation and Unemployment Compensation	—	35,536	—	—
Veterans' Homes	—	55,982	—	—
Other	—	11,661	4,824	13,584
Total	<u>\$ 4,337</u>	<u>\$ 161,391</u>	<u>\$ 41,171</u>	<u>\$ 248,744</u>
Non-Major Debt Service Funds				
General Obligation Bonds	\$ —	\$ 56,192	\$ —	\$ —
Fulton State Hospital	—	12,469	—	—
Missouri Road Bond	—	56,528	—	—
Total	<u>\$ —</u>	<u>\$ 125,189</u>	<u>\$ —</u>	<u>\$ —</u>
Non-Major Capital Projects Funds				
Board of Public Buildings-State Capitol	\$ —	\$ 27,070	\$ —	\$ —
Board of Public Buildings-State Facility	—	30,107	—	—
Fulton State Hospital	—	105,645	—	—
State Historical Society	—	33,560	—	—
Total	<u>\$ —</u>	<u>\$ 196,382</u>	<u>\$ —</u>	<u>\$ —</u>
Non-Major Permanent Funds				
Arrow Rock State Historic Site Endowment	\$ 29	\$ —	\$ —	\$ —
Confederate Memorial Park	75	—	—	104
State Public School	55,053	—	—	—
Smith Memorial Endowment Trust	365	—	—	5
Total	<u>\$ 55,522</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 109</u>

B. Negative Fund Balance

A negative fund balance is prohibited in all fund balance classifications except Unassigned. When a negative fund balance exists, the shortfall would be covered by the next fund balance classification for that specific purpose.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 4 - Governmental Fund Balance (cont.)

C. Budget Reserve Fund

The Budget Reserve Fund is established in Article IV, Section 27(a) of the Missouri Constitution. The Commissioner of Administration may transfer amounts from the Budget Reserve Fund to any other fund when necessary to meet the cash requirements of the State. However, the Budget Reserve Fund must be paid back with interest prior to May 16th of the fiscal year in which the transfer was made.

Budget stabilization expenditures may occur in a fiscal year in which the Governor reduces the expenditures of the State or any of its agencies below their appropriation or in which there is a budget need due to a natural disaster as proclaimed by the Governor to be an emergency. An appropriation from the Budget Reserve Fund may be granted by a two-thirds vote of the members elected to each house. The maximum amount which may be appropriated at any one time for budget stabilization purposes is one-half the sum of the balance of the Budget Reserve Fund and any amounts appropriated or otherwise owed to the fund, less all amounts owed to the fund for budget stabilization purposes but not yet appropriated for repayment to the fund. One-third of the amount expended or transferred from the Budget Reserve Fund for budget stabilization purposes plus interest shall stand appropriated to the Budget Reserve Fund during each of the next three fiscal years from the fund which received the budget stabilization appropriation. The balance of the Budget Reserve Fund at June 30, 2017, was \$590,374,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows (in thousands of dollars):

	*Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress	\$ 206,122	\$ 121,623	\$ (19,692)	\$ 308,053
Software in Progress	52,962	48,467	(13,469)	87,960
Infrastructure in Progress	1,404,441	657,097	(582,889)	1,478,649
Land	3,095,768	6,429	(6,818)	3,095,379
Permanent Easements	3,785	124	—	3,909
Total Capital Assets not being Depreciated/Amortized	4,763,078	833,740	(622,868)	4,973,950
Capital Assets being Depreciated/Amortized:				
Land Improvements	198,909	9,562	(195)	208,276
Temporary Easements	1,798	234	(519)	1,513
Buildings and Improvements	3,387,140	8,284	(7,508)	3,387,916
Equipment	1,308,034	97,485	(76,696)	1,328,823
Software	212,321	16,295	(509)	228,107
Trademarks	17	—	—	17
Infrastructure	49,657,137	582,894	(65,833)	50,174,198
Total Capital Assets being Depreciated/Amortized	54,765,356	714,754	(151,260)	55,328,850
Less Accumulated Depreciation/Amortization for:				
Land Improvements	(113,844)	(4,552)	30	(118,366)
Temporary Easements	(447)	(598)	519	(526)
Buildings and Improvements	(1,724,419)	(106,203)	6,439	(1,824,183)
Equipment	(942,676)	(88,970)	71,440	(960,206)
Software	(116,317)	(17,553)	505	(133,365)
Trademarks	(10)	(2)	—	(12)
Infrastructure	(24,170,687)	(472,137)	55,254	(24,587,570)
Total Accumulated Depreciation/Amortization	(27,068,400)	(690,015)	134,187	(27,624,228)
Total Capital Assets being Depreciated/Amortized, Net	27,696,956	24,739	(17,073)	27,704,622
Governmental Activities Capital Assets, Net	\$ 32,460,034	\$ 858,479	\$ (639,941)	\$ 32,678,572
Business-Type Activities:				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress	\$ 39,061	\$ 11,969	\$ (5,578)	\$ 45,452
Software in Progress	—	37	(37)	—
Land	23,754	8,848	—	32,602
Total Capital Assets not being Depreciated/Amortized	62,815	20,854	(5,615)	78,054
Capital Assets being Depreciated/Amortized:				
Land Improvements	14,777	4,195	—	18,972
Temporary Easements	50	—	—	50
Buildings and Improvements	32,967	269	(211)	33,025
Equipment	50,607	4,711	(4,648)	50,670
Software	1,178	74	(517)	735
Total Capital Assets being Depreciated/Amortized	99,579	9,249	(5,376)	103,452
Less Accumulated Depreciation/Amortization for:				
Land Improvements	(7,289)	(546)	—	(7,835)
Temporary Easements	(21)	(2)	—	(23)
Buildings and Improvements	(21,018)	(894)	57	(21,855)
Equipment	(34,513)	(3,724)	4,348	(33,889)
Software	(928)	(103)	498	(533)
Total Accumulated Depreciation/Amortization	(63,769)	(5,269)	4,903	(64,135)
Total Capital Assets being Depreciated/Amortized, Net	35,810	3,980	(473)	39,317
Business-Type Activities Capital Assets, Net	\$ 98,625	\$ 24,834	\$ (6,088)	\$ 117,371

*Beginning balances as of July 1, 2016 have been restated (see Note 18).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 5 - Capital Assets (cont.)

Depreciation/amortization expense of governmental activities was charged to functions as follows (in thousands of dollars):

General Government	\$ 46,914
Education	3,676
Natural and Economic Resources	22,638
Transportation and Law Enforcement	554,950
Human Services	61,837
	<hr/>
Total	<u>\$ 690,015</u>

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated/Amortized:			
Construction in Progress	\$ 286,390	\$ 204	\$ 286,594
Land	177,535	7,220	184,755
Other Non-Depreciable/Amortizable Assets	23,814	—	23,814
	<hr/>	<hr/>	<hr/>
Total Capital Assets not being Depreciated/Amortized	487,739	7,424	495,163
Capital Assets being Depreciated/Amortized:			
Land Improvements	35,632	—	35,632
Buildings and Improvements	6,786,443	78,588	6,865,031
Equipment, Fixtures, and Books	1,583,679	479	1,584,158
Software	64,659	26	64,685
Infrastructure	793,550	—	793,550
	<hr/>	<hr/>	<hr/>
Total Capital Assets being Depreciated/Amortized.....	9,263,963	79,093	9,343,056
Less Total Accumulated Depreciation/Amortization ...	(4,347,551)	(19,264)	(4,366,815)
	<hr/>	<hr/>	<hr/>
Total Capital Assets being Depreciated/Amortized, Net	4,916,412	59,829	4,976,241
Discretely Presented Component Units – Capital Assets, Net	<u>\$ 5,404,151</u>	<u>\$ 67,253</u>	<u>\$ 5,471,404</u>

Capital Asset Impairment

Due to a fire which destroyed the Thousand Hills Service Buildings, owned by the Department of Natural Resources (DNR), an impairment amount of \$39,000 is reported as an extraordinary item in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. Due to flooding, Current River Lake House, owned by DNR, was damaged. An extraordinary item of \$114,000 is reported in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 6 - Leases

Capital

The State has entered into various agreements to lease buildings, equipment and software. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a capital asset and the incurrence of an obligation by the lessee (a capital lease liability).

Capital leases for the internal service funds, enterprise funds, and college and universities are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of governmental type funds. However, the capital leases and related assets of governmental funds are included on the government-wide financial statements and they are shown on the reconciliation between fund financial statements and government-wide statements.

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds	Internal Service Funds	Enterprise Funds	College and Universities
2018	\$ 7,724	\$ 4,931	\$ 129	\$ 7,312
2019	6,550	3,081	—	7,300
2020	5,474	2,021	—	6,069
2021	5,048	1,178	—	5,666
2022	4,501	121	—	5,424
2023-2027	5,240	604	—	19,342
2028-2031	2,247	362	—	1,292
Total Minimum Lease Payments	36,784	12,298	129	52,405
Less Amount Representing Interest	(2,880)	(466)	(1)	(6,896)
Present Value of Net Minimum Lease Payments	<u>\$ 33,904</u>	<u>\$ 11,832</u>	<u>\$ 128</u>	<u>\$ 45,509</u>

The State has entered into a lease with the Missouri Development Finance Board. The State's obligation under this lease does not constitute a general obligation or other indebtedness of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the Leasehold Revenue Bonds issued by the Board. In November 2005, the Board issued \$28,995,000 of Leasehold Revenue Bonds Series 2005 for the purpose of purchasing buildings in Florissant, St. Louis, and Jennings. In May 2006, the Board issued \$9,865,000 of Leasehold Revenue Bonds Series 2006 for the purpose of purchasing one building in St. Louis. In June 2013, the Board issued \$21,820,000 of Leasehold Revenue Refunding Bonds Series A 2013 and \$7,450,000 of Leasehold Revenue Refunding Bonds Series B 2013 for the purpose of refunding \$20,805,000 of Leasehold Revenue Bonds Series 2005 and \$7,100,000 of Leasehold Revenue Bonds Series 2006, respectively. The payments on these leases are subject to annual appropriation by the State legislature.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 6 - Leases (cont.)

Following is a summary of the future minimum lease payments to pay interest and principal of the Leasehold Revenue Bonds (in thousands of dollars):

Fiscal Year Ending June 30	Internal Service Funds
2018	\$ 2,418
2019	2,416
2020	2,412
2021	2,414
2022	2,413
2023-2027	12,039
2028-2031	9,624
Total Minimum Lease Payments	<u>33,736</u>
Less Amount Representing Interest	<u>(6,426)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 27,310</u></u>

Series A 2005 Refunding Certificates of Participation dated March 1, 2005, in the amount of \$120,490,000 refunded \$13,945,000 of Missouri Public Facilities Corporation Certificates of Participation (Acute Care Psychiatric Hospital Project) Series A 1994, \$13,400,000 of Missouri PRC Corporation Certificates of Participation (Psychiatric Rehabilitation Center Project) Series A 1995, \$9,915,000 of Northwest Missouri Public Facilities Corporation Certificates of Participation (Northwest Missouri Psychiatric Rehabilitation Center Project) Series B 1995, and \$83,480,000 of Missouri Public Facilities Corporation II Certificates of Participation (Bonne Terre Prison Project) Series A 1999. The State issued Refunding Certificates of Participation Series A 2011 dated June 7, 2011, in the amount of \$76,910,000. The Refunding Certificates of Participation refunded \$76,065,000 of Series A 2005 Refunding Certificates of Participation.

The State's obligation under these leases does not constitute a general obligation or other indebtedness of the State. The certificates of participation represent proportionate ownership interests of the certificate holders in the lease agreement. The certificates do not constitute a pledge of the full faith and credit of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the certificate and are subject to annual appropriation by the State legislature.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 6 - Leases (cont.)

Following is a summary of the future minimum lease payments for the Certificates of Participation (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds
2018	\$ 13,665
2019	13,668
Total Minimum Lease Payments	<u>27,333</u>
Less Amount Representing Interest	<u>(563)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 26,770</u></u>

Assets acquired through these capital lease agreements are recorded as capital assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is the value of the property under capital lease by asset category as of June 30, 2017 (in thousands of dollars):

	Governmental Funds	Internal Service Funds	Enterprise Funds	College and Universities
Buildings	\$ 209,094	\$ 41,865	\$ —	\$ 26,676
Equipment	5,145	30,960	655	13,375
Software	2,896	3,711	—	—
	<u>\$ 217,135</u>	<u>\$ 76,536</u>	<u>\$ 655</u>	<u>\$ 40,051</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 6 - Leases (cont.)

Operating

The State has entered into various operating leases for land, buildings, and equipment. Most of these leases are classified as operating, because the lease period is one year with multiple renewal options. Future minimum commitments due under operating leases as of June 30, 2017, were as follows (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds	Enterprise Funds	Component Units
2018	\$ 20,284	\$ 323	\$ 11,591
2019	789	308	7,851
2020	634	117	6,459
2021	591	4	5,055
2022	567	1	3,516
2023-2027	868	—	7,471
2028-2032	53	—	—
2033-2037	50	—	—
2038-2042	50	—	—
2043-2047	50	—	—
2048-2052	50	—	—
2053-2057	50	—	—
2058-2062	50	—	—
Total Minimum Commitments	<u>\$ 24,086</u>	<u>\$ 753</u>	<u>\$ 41,943</u>

Expenditures for rent under operating leases for the years ended June 30, 2017 and June 30, 2016 were \$22,740,000 and \$43,145,000, respectively.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 6 - Leases (cont.)

Rental Revenue

The State leases certain state owned facilities to entities outside the State. These lessor arrangements are generally long-term commitments which either generate revenue from otherwise idle property or better serve Missouri's citizens by providing convenient access to products and services. The total asset value of the leased facilities and land is \$93.3 million less accumulated depreciation of \$22.5 million for component units. The Department of Natural Resources (DNR) has \$71,000 in income from easements on DNR property. This income will be received in perpetuity. The contract conditions and amount for each individual easement can change with the sale of the property requiring the easement. New contracts will be negotiated with new property owners. Future minimum receivables, payable from lessor arrangements as of June 30, 2017, were as follows (in thousands of dollars):

Fiscal Year Ending June 30	Component Units
2018	\$ 4,045
2019	3,831
2020	3,467
2021	3,402
2022	3,389
2023-2027	17,002
2028-2032	16,718
2033-2037	17,030
2038-2042	15,179
2043-2047	7,274
2048-2052	2,637
2053-2057	1,787
2058-2062	1,711
2063-2067	500
2068-2072	500
2073-2077	500
2078-2082	500
2083-2087	500
2088-2092	500
2093-2097	50
Total Minimum Receivables	<u>\$ 100,522</u>

Note 7 - Retirement Systems

The State has two major retirement systems which cover substantially all State employees. These systems are the Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). MOSERS is comprised of the Missouri State Employees' Plan (MSEP), a cost-sharing multiple employer defined benefit public employee retirement plan and the Judicial Plan, a single-employer defined benefit public employee retirement plan. MPERS is a single-employer defined benefit public employees' retirement plan.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

Plan Descriptions

The Missouri State Employees' Plan (MSEP) is a cost-sharing multiple employer defined benefit public employee retirement plan administered by MOSERS. The Plan is administered in accordance with Sections 104.010 and 104.312-104.1215, RSMo.

The MSEP has three benefit structures known as MSEP (closed plan), MSEP 2000, and MSEP 2011. The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000 and before January 1, 2011. MSEP 2011 covers all full-time employees first hired on or after January 1, 2011. Members of the closed plan have the option at retirement to choose between the benefit structure of the MSEP or MSEP 2000.

The Judicial Plan is a single-employer defined benefit public employee retirement plan administered by MOSERS. The Plan is administered in accordance with Sections 476.445 to 476.690, RSMo. The Judicial Plan covers eligible members appointed/elected before January 1, 2011. The Judicial Plan 2011 covers eligible members appointed/elected for the first time on or after January 1, 2011.

MOSERS provides retirement, survivor, and disability benefits to its members. General employees are fully vested after 5 years of creditable service if covered by the MSEP and MSEP 2000 plans and after 10 years of creditable service if covered by the MSEP 2011 plans. Elected officials are fully vested after 4 years of creditable service and Members of the General Assembly are fully vested after 6 years of creditable service. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The retirement eligibility requirements are as follows for general employees:

MSEP

Age 65 and active with 4 years of service
Age 65 with 5 years of service
Age 60 with 15 years of service
Age 48 with age and service equaling 80 or more (Rule of 80)
Employees may retire early at age 55 with at least 10 years of service with reduced benefits.
The base benefit in the general employee plan is equal to 1.6% multiplied by the final average pay multiplied by years of credited service.

MSEP 2000

Age 62 with 5 years of service
Age 48 with age and service equaling 80 or more (Rule of 80)
Employees may retire early at age 57 with at least 5 years of service with reduced benefits.
The base benefit in the general employee plan is equal to 1.7% multiplied by the final average pay multiplied by years of credited service.

Judicial Plan

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 62 with less than 12 years of service or age 60 with less than 15 years of service with a reduced benefit that is based upon years of service relative to 12 or 15 years.
The base benefit for members with 12 or more years of service is equivalent to 50% of compensation on the highest court served.

Judicial Plan 2011

Age 67 with 12 years of service
Age 62 with 20 years of service
Employees may retire early at age 67 with less than 12 years of service with reduced benefits or age 62 with less than 20 years of service with a reduced benefit based on years of service.
The base benefit for members with 12 or more years of service is equivalent to 50% of compensation on the highest court served.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

MSEP 2011

Age 67 with 10 years of service
Age 55 with age and service equaling 90
or more (Rule of 90)
Employees may retire early at age 62 with
at least 10 years of service with
reduced benefits.
The base benefit in the general employee
plan is equal to 1.7% multiplied by the
final average pay multiplied by years
of credited service.

For members hired prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the percentage increase in the average Consumer Price Index (CPI) from one year to the next, with a minimum rate of 4% and a maximum rate of 5%, until the cumulative amount of COLAs equals 65% of the original benefit, thereafter the 4% minimum rate is eliminated. For members hired on or after August 28, 1997, COLAs are provided annually based on 80% of the percentage increase in the average CPI from one year to the next, up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP and the Judicial Plan may make a one-time election to receive the present value of their benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than \$10,000.

The Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) is a single-employer defined benefit public employee retirement plan administered in accordance with Sections 104.010-104.1093, RSMo.

MPERS is considered a single-employer plan because its membership is composed of qualified employees of the Missouri Department of Transportation, uniformed and non-uniformed members of the Missouri State Highway Patrol, and MPERS staff.

MPERS provides retirement, survivor, and disability benefits to its members. The MPERS has three benefit structures known as the Closed Plan, the Year 2000 Plan, and the Year 2000 Plan-2011 Tier. Generally, the Closed Plan covers employees hired before July 1, 2000. The Year 2000 Plan generally covers employees hired on or after July 1, 2000 and before January 1, 2011. The Year 2000 Plan-2011 Tier covers employees hired on or after January 1, 2011. Employees covered by the Closed Plan and the Year 2000 Plan are fully vested after 5 years of creditable service. Employees covered by the 2011 Tier are fully vested after 10 years of creditable service.

The retirement eligibility requirements are as follows:

Closed Plan

MoDOT and non-uniformed patrol members:

Age 65 and active with 4 or more years
of service
Age 65 with 5 or more years of service
Age 60 with 15 or more years of service
Age 48 with sum of age and service
equaling 80 or more (Rule of 80)

Uniformed patrol members:

Age 55 and active with 4 or more years
of service
Age 55 with 5 or more years of service
Age 48 with sum of age and service
equaling 80 or more (Rule of 80)
Mandatory retirement at age 60

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

All non-uniformed members may retire early with reduced benefits at age 55 with at least 10 years of service.

The base benefit in the Closed Plan is equal to 1.6% multiplied by the final average pay multiplied by years of creditable service. For members of the uniformed patrol, the base benefit is calculated by applying the same formula, then multiplying the product by 1.33%.

For members employed prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the increase in the Consumer Price Index (CPI) with a minimum rate of 4% and a maximum rate of 5%, until the cumulative amount of COLAs equals 65% of the original benefit, thereafter, the 4% minimum rate is eliminated. For members employed on or after August 28, 1997, COLAs are provided annually based on 80% of the increase in the CPI, up to a maximum rate of 5%.

Year 2000 Plan

MoDOT and non-uniformed patrol members:

Age 62 with 5 or more years of service
Age 48 with sum of age and service
equaling 80 or more (Rule of 80)

Uniformed patrol members:

Age 48 with sum of age and service
equaling 80 or more (Rule of 80)
Mandatory retirement at age 60 with
5 or more years of service

All members may retire early with reduced benefits at age 57 with at least 5 years of service.

The base benefit in the Year 2000 Plan is equal to 1.7% multiplied by the final average pay multiplied by years of creditable service. Members retiring under the Rule of 80, and uniform patrol members retiring at the mandatory retirement age (currently 60), receive an additional temporary benefit until age 62. The temporary benefit is equivalent to 0.8% multiplied by final average pay multiplied by years of creditable service. COLAs are provided annually based on 80% of the change in the CPI, up to a maximum rate of 5%.

Year 2000 Plan-2011 Tier

MoDOT and non-uniformed patrol members:

Age 67 with 10 or more years of service
Age 55 and active with sum of age and service
equaling 90 or more (Rule of 90)

Uniformed patrol members:

Age 55 and active with 10 or more years
of service
Mandatory retirement at age 60 with no
minimum service amount, active only.

Active MoDOT and non-uniformed patrol members may retire early with reduced benefits at age 62 with at least 10 years of service. Terminated and vested uniformed patrol members may retire at age 67 with 10 or more years of service. COLAs are provided annually based on 80% of the change in the CPI, up to a maximum rate of 5%.

The base benefit in the 2011 Tier is equal to 1.7% multiplied by the final average pay multiplied by years of creditable service. Members retiring under the Rule of 90, and uniform patrol members retiring at the mandatory retirement age (currently 60) or at age 55 with 10 years of creditable service, receive an additional temporary benefit until age 62. The temporary benefit is equivalent to 0.8% multiplied by final average pay multiplied by years of creditable service.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

Single-Employer Plans:

Employees Covered by Benefit Terms – Single-Employers Only

As of June 30, 2016 valuation, membership consisted of the following:

	<u>Judicial Plan</u>	<u>MPERS</u>
Retirees, beneficiaries, and disabilities currently receiving benefits	540	8,684
Terminated employees entitled to, but not yet receiving benefits	27	2,334
Active		
Vested	408	5,520
Nonvested	—	1,921
Total Membership	<u>975</u>	<u>18,459</u>

Contributions

Per Chapter 104.436, RSMo, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.00% of their annual pay. The State's required contribution rate for the MSEP and the Judicial Plan year ended June 30, 2016, were 16.97% and 58.45% of annual payroll, respectively. The contribution rates as a percentage of covered payroll for the MSEP and the Judicial Plan for the year ended June 30, 2016, were 16.96% and 58.59%, respectively. Contributions to the pension plan from the MSEP Plan and the Judicial Plan were \$270,198,000 and \$33,642,000 respectively, for the year ended June 30, 2016.

Per Chapter 104.070, RSMo, contribution requirements of the active employees and the participating employers are established and may be amended by the MPERS Board of Trustees. Beginning January 1, 2011, employee contributions of 4.00% of gross pay are required for those covered by the Year 2000 Plan-2011 Tier. Employer contributions are determined through annual actuarial valuations. Administrative expenses are financed through contributions from participating employers and investment earnings. The state's required contribution rate, as adopted by the MPERS Board of Trustees, for the year ended June 30, 2016, was to be at least 58.00%. The contribution rate as a percentage of covered payroll for the MPERS plan year ended June 30, 2016, was 58.00%. Contributions to the pension plan from the MPERS plan were \$199,609,000.

For the portion of the MSEP Plan relating to the State's component units, the required contribution rate for the year ended June 30, 2016, was 16.97%. The contribution rates as a percentage of covered payroll for the year ended June 30, 2016, range from 16.93% to 16.98%. Contributions to the pension plan were \$57,219,000 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Cost-Sharing Multiple Employer Plan:

At June 30, 2017, a liability was reported for the State's proportionate share of the net pension liability for the MSEP and the MSEP-CU plans based on an actuarial valuation as of June 30, 2016. The State's proportionate share of the net pension liability was based on the State's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for plan year ended June 30, 2016.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

The State reported the following proportionate share of the net pension liability and the pension expense for the fiscal year ended June 30, 2017 (in thousands of dollars):

	<u>MSEP</u>	<u>MSEP-CU</u>
Pension Expense	\$ 574,097	\$ 123,742
Proportionate share:		
2017	82.21%	17.41%
Net Pension Liability	\$3,816,328	\$ 808,175

Single-Employer Plans:

The State's net pension liability and related information for the Judicial and MPERS plans for the fiscal year ended June 30, 2017 (in thousands of dollars):

	<u>Judicial Plan</u> Increase (Decrease)			<u>MPERS</u> Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2016	\$ 482,969	\$ 130,851	\$ 352,118	\$3,715,846	\$ 2,009,367	\$ 1,706,479
Changes for the year:						
Service Cost	10,932	—	10,932	45,441	—	45,441
Interest	37,755	—	37,755	280,432	—	280,432
Differences between expected and actual	(5,037)	—	(5,037)	(39,810)	—	(39,810)
Changes of Assumptions	53,991	—	53,991	—	—	—
Contributions – Employer	—	33,642	(33,642)	—	199,609	(199,609)
Contributions – Employee	—	661	(661)	—	3,483	(3,483)
Net Income Investment	—	28	(28)	—	21,432	(21,432)
Benefit payments, including refunds of employee contributions	(32,989)	(32,989)	—	(236,687)	(236,687)	—
Disability Premiums	—	—	—	(1,568)	(1,568)	—
Administrative Expense	—	(137)	137	—	(4,370)	4,370
Net Transfers to Other Retirement Systems	—	—	—	(1,921)	808	(2,729)
Net Changes	64,652	1,205	63,447	45,887	(17,293)	63,180
Balances at June 30, 2017	<u>\$ 547,621</u>	<u>\$ 132,056</u>	<u>\$ 415,565</u>	<u>\$3,761,733</u>	<u>\$ 1,992,074</u>	<u>\$ 1,769,659</u>

For the year ended June 30, 2017, the Judicial Plan and MPERS recognized pension expense of \$57,957,000 and \$153,456,000, respectively.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources (in thousands of dollars):

	Deferred Outflows of Resources				Deferred Inflows of Resources			
	MSEP	Judicial	MPERS	MSEP-CU	MSEP	Judicial	MPERS	MSEP-CU
Difference between expected and actual experience	\$ 39,304	\$ 4,755	\$ —	\$ 8,323	\$11,150	\$ 3,718	\$ 43,302	\$ 2,361
Changes of assumptions	397,354	39,854	—	84,147	22,939	—	—	4,858
Net difference between projected and actual earnings on pension plan investments	623,549	11,968	140,722	132,048	—	—	76,260	—
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	32	—	—	7,496	3,938	—	—	3,934
Contributions subsequent to the measurement date	274,510	34,252	206,563	58,181	—	—	—	—
Total	\$ 1,334,749	\$ 90,829	\$ 347,285	\$ 290,195	\$38,027	\$ 3,718	\$119,562	\$ 11,153

Amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands of dollars):

Fiscal Year Ended June 30	Net Deferred Outflows/Inflows of Resources			
	MSEP	Judicial	MPERS	MSEP-CU
2018	\$ 262,596	\$ 19,101	\$ (16,351)	\$ 57,776
2019	262,623	16,206	(13,797)	57,565
2020	387,942	15,455	28,007	82,427
2021	109,051	2,097	23,301	23,093
Totals	\$ 1,022,212	\$ 52,859	\$ 21,160	\$ 220,861

Actuarial Assumptions

The total pension liability at June 30, 2017, is based upon the June 30, 2016, actuarial valuation for MOSERS and MPERS using the entry age normal actuarial cost method. Significant actuarial assumptions used in the June 30, 2016, actuarial valuations are the following:

	MSEP and MSEP-CU	Judicial	MPERS
Price Inflation	2.5%	2.5%	3.0%
Salary Increases	3.25-8.75%	3.0-5.2%	3.5-11.0%
Investment Rate of Return	7.65%	7.65%	7.75%

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. As a result of this actuarial experience study, the MOSERS Board made various demographic and economic assumption changes to more closely reflect actual experience. The most significant changes included lowering the assumed annual investment rate of return from 8 % to 7.65 % and the adoption of the above mortality tables. The changes in assumptions recorded as deferred inflows and outflows of resources were due to these changes from the actuarial experience study.

Mortality rates, for post-retirement mortality, used in evaluating allowances to be paid to non-disabled pensioners were the RP-2000 Combined Healthy Mortality Tables projected 16 years and set back one year for males and females for MPERS. MOSERS mortality rates were based on the RP-2014 Healthy Annuitant Mortality table, projected from 2006 to 2026 with scale MP-2015 and scaled by 120%. MOSERS pre-retirement mortality table was the RP-2014 Employee Mortality table, projected from 2006-2026 with scale MP-2015 and scaled by 95% for males and 90% for females. MPERS pre-retirement mortality rates used was 70% for males and 50.

Amounts reported in the June 30, 2016, actuarial report are assumptions reflecting adjustments to expected rates of withdrawal, disability, normal and early retirement, mortality, and merit and seniority pay for MPERS. The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015 for MOSERS and July 1, 2007 through June 30, 2012 for MPERS. The adjustments were made to more closely reflect actual experience.

The long-term (30 year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for the MSEP and Judicial Plan and arithmetic real rates of return for MPERS for each major asset class included in the target allocation are summarized in the table below:

Asset Class	MSEP and MSEP-CU		Judicial		MPERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity					30%	4.80%
Private Equity					15%	6.50%
Fixed Income					25%	0.50%
Real Assets					5%	4.75%
Real Estate					10%	2.75%
Hedge Funds					15%	2.75%
Beta-balanced	80.0%	5.7%	80.0%	5.7%		
Illiquids portfolio**	20.0%	7.3%	20.0%	7.3%		
	<u>100.0%</u>		<u>100.0%</u>		<u>100%</u>	

** Illiquid portfolio upper limit at 27.5% of capital, no new commitments past 23%.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

Discount Rate

A single discount rate based on the expected rate of return on pension investments of 7.65%, 7.65%, and 7.75% was used to measure the total pension liability for MSEP, Judicial Plan, and MPERS, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate for MPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined for MOSERS. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate, as well as, what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (in thousands of dollars):

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
MSEP Net Pension Liability	6.65% \$5,025,193	7.65% \$3,816,328	8.65% \$2,802,799
Judicial Plan Net Pension Liability	6.65% 471,242	7.65% 415,565	8.65% 367,892
MPERS Net Pension Liability	6.75% 2,210,589	7.75% 1,769,659	8.75% 1,401,144
MSEP-CU Net Pension Liability	6.65% \$1,064,174	7.65% \$808,175	8.65% \$593,542

Payables to the Pension Plan

As of June 30, 2017, the State had payables of \$13,449,000 to MOSERS for the outstanding amount of contributions to the pension plan, relating to a two week lag in payroll.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separate financial reports issued by MOSERS and MPERS:

Missouri State Employees' Retirement System
P.O. Box 209
Jefferson City, Missouri 65102-0209
www.mosers.org

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

Missouri Department of Transportation and
Highway Patrol Employees' Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930
www.mpers.org

University of Missouri Retirement System

Plan Description

The University of Missouri Retirement, Disability, and Death Benefit Plan is a single-employer defined benefit plan for all qualified employees. As authorized by Section 172.300, RSMo, the University's Board of Curators administers the Retirement Plan and establishes its terms.

Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at a certain rate times the credited service years times the compensation base (average consumption for the five highest consecutive salary years). The rate is 2.2% if the employee was hired before October 1, 2012, or 1.0% if the employee was hired after September 30, 2012. Academic members who provide summer teaching and research service receive additional summer service credit. The Board of Curators may periodically approve increases to the benefits paid to existing pensioners. However, vested members who leave the University prior to eligibility for retirement are not eligible for these pension increases. Vested employees who are at least age 55 and have ten years or more of credited service, or age 60 with at least five years of credited service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. Up to 30% of the retirement annuity can be taken in a lump sum payment. In addition the standard annuity can be exchanged for an actuarially-equivalent annuity.

As of June 30, 2017, membership consisted of the following:

Vested members	18,233
Inactive vested members	4,215
Pensioners and beneficiaries	<u>9,242</u>
Total Membership	<u><u>31,690</u></u>

Contributions

The University's contributions to the Retirement Plan are equal to the actuarially determined contribution rate (ADC). The ADC for those employees hired before October 1, 2012 averaged 9.5% of covered payroll for the year ending June 30, 2017. The ADC for those employees hired after September 30, 2012, averaged 5.6% of covered payroll for the year ended June 30, 2017. Employees are required to contribute 1% of their salary up to \$50,000 in a calendar year and 2% of their salary in excess of \$50,000. An actuarial valuation of the Plan is performed annually and the University's contribution rate is updated on July 1 at the beginning of the University's fiscal year, to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year. The University contributed \$96,631,000 during the fiscal year ended June 30, 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

Employees hired after September 30, 2012, participate in a single employer, defined contribution plan. Each year the University contributes 2% of each employee's eligible salary to a 401(a) plan. The University will match up to 3% of the employee contribution to the 457(b) plan with those going into the 401(a) plan. Employees are immediately 100% vested in their contributions. The University's base contributions and matching contributions vest following three years of consecutive or nonconsecutive service. The defined contribution plan recognized \$13,891,000 of pension expense and \$3,472,000 of forfeitures for the year ended June 30, 2017.

Net Pension Liability

The Retirement Plan's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016. Roll-forward procedures were used to measure the Retirement Plan's net pension liability as of June 30, 2017. For the year ended June 30, 2017, fiduciary net position as a percentage of the total pension liability amounted to 86.97%.

Changes in net pension liability (in thousands of dollars):

	Total Pension Liability (TPL)	Fiduciary Net Pension (FNP)	Net Pension Liability (NPL)
Balances at June 30, 2016	\$ 3,878,812	\$ 3,220,626	\$ 658,186
Changes for the year:			
Service Cost	66,269	—	66,269
Interest	296,885	—	296,885
Differences between expected and actual experience	(22,741)	—	(22,741)
Contributions – Employer	—	96,631	(96,631)
Contributions – Employee	—	15,218	(15,218)
Net Income Investment	—	364,486	(364,486)
Benefit payments, including refunds of employee	(211,036)	(211,036)	—
Net Changes	129,377	265,299	(135,922)
Balances at June 30, 2017	<u>\$ 4,008,189</u>	<u>\$ 3,485,925</u>	<u>\$ 522,264</u>

Pension Expense

Annual pension expense consists of service cost and interest on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources and recognized in pension expense over a five year period.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

For the year ended June 30, 2017, the Retirement Plan recognized pension expense of \$117,940,000. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources (in thousands of dollars):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,846	\$ 44,857
Net difference between projected and actual earnings on pension plan investments	93,518	—
Total	<u>\$ 100,364</u>	<u>\$ 44,857</u>

The University recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the University's employees. The following table summarizes the future recognition of these items:

Fiscal Year Ended June 30	Net Deferred Outflows/Inflows of Resources
	Recognition
2018	\$ 15,077
2019	61,543
2020	17,353
2021	(33,353)
2022	(4,941)
Thereafter	(172)
Totals	<u>\$ 55,507</u>

Actuarial Assumptions

The October 1, 2016, actuarial valuation utilized the entry age actuarial cost method. Actuarial assumptions included:

Inflation	2.75%
Salary Increases	4.1% - 4.9%
Investment Rate of Return	7.75%

For purposes of determining actuarially required contributions, the actuarial value of assets was determined using techniques that spread effects of short-term volatility in the market value of investments over a five-year period. The underfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over 27 years from the October 1, 2016, valuation date. Mortality rates were based on the RP-2000 Combined Health Mortality Table projected to 2023 using Scale BB.

The actuarial assumptions used in the October 1, 2016, valuation were based on the results the most recent quinquennial study of the University's own experience covering 2008 to 2012.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

The annual money-weighted rate of return is calculated as the internal rate of return on pension investments, net of pension plan investment expense. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return (loss) on pension plan investments for the years ended June 30, 2017, was 11.0%. The following table provides long-term expected rates of real return:

	Target	Long-Term Expected Real Rate of Return
Domestic large cap equity	18%	6.5%
Domestic small cap equity	2%	6.5%
Domestic fixed income	3%	1.7%
International equity	19%	6.7%
Emerging markets equity	6%	9.3%
International fixed income	4%	1.8%
Real estate	6%	4.3%
Private equity	10%	11.6%
Absolute return strategies	8%	4.1%
High yield fixed income	10%	4.1%
Emerging markets fixed income	6%	4.5%
Treasury inflation protection	2%	1.7%
Floating rate bank loans	4%	2.6%
Global inflation-linked bonds	2%	1.7%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2016, actuarial valuation, 7.75% was used as the net long-term expected rate of return.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate, as well as, what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (in thousands of dollars):

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
MU Net Pension Liability	6.75% \$999,575	7.75% \$522,264	8.75% \$115,926

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Retirement Systems (cont.)

Separate financial statements are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2017 financial report, which is publicly available. Copies of this report may be requested from:

University of Missouri System
118 University Hall
Columbia, Missouri 65211
www.umsystem.edu

Note 8 - Other Postemployment Benefits

In addition to the retirement benefits described in Note 7, the State provides postemployment health care and life insurance benefits, in accordance with State statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT and MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). MCHCP is a cost-sharing, multiple employer plan, while MHPML and CEIP are both single-employer plans. MOSERS is an insured, defined benefit insurance plan and is currently administered through The Standard insurance company. It is financed on a percentage of payroll and is purchased as a group policy through competitive bids. The eligible number of retirees/long-term disability claimants for MCHCP, MHPML, and CEIP for health care benefits are approximately 21,132, 6,328 and 882 respectively. The number of retirees/long-term disability claimants currently participating in MOSERS, MHPML, and CEIP for life insurance benefits are 26,008, 3,978, and 502 respectively. Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. MOSERS employer contribution rates are set by The Standard insurance company. MHPML and CEIP life insurance benefits are funded through employee contributions. MHPML and CEIP employer contribution rates are set by the Plans Board of Trustees and approved by their respective Commission. Contributions are established and may be amended by the MCHCP Board of Trustees within the authority granted under Chapter 103 of the Revised Statutes of Missouri (2000) as amended ("RSMo") 103.003 through 103.178. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier.

During fiscal year 2017, the State contributed \$1,925,000 and recognized \$1,925,000 in expenditures for MOSERS life insurance.

For fiscal year 2017, the State's contributions were 53.16% of the total (employer/employee) contributions made for other postemployment benefits.

Funding Policy

The contribution requirements of MCHCP, MHPML, and CEIP are established and may be amended by the State legislature, Missouri Highways and Transportation Commission, and the Conservation Department Board of Trustees, respectively. State contribution rates for MCHCP are based on the State's approved appropriation and the number of anticipated participants. The required contribution for MHPML and CEIP is based on an actuarial study and is financed on a pay-as-you-go basis. For fiscal year 2017, MCHCP, MHPML, and CEIP contributed \$67.4, \$25.1 and \$4.3 million, respectively. Retiree contributions during fiscal year 2017 for MCHCP, MHPML, and CEIP were \$52.2, \$22.4, and \$2.8 million, respectively.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 8 - Other Postemployment Benefits (cont.)

Annual OPEB Cost and Net OPEB Obligation

The MCHCP, MHPML, and CEIP annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Fiscal Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of MCHCP, MHPML, and CEIP annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the net OPEB obligation (in thousands of dollars):

	MCHCP	MHPML	CEIP
Annual required contribution	\$ 106,802	\$ 73,610	\$ 11,392
Interest on net OPEB contribution	20,352	23,385	2,316
Adjustments to annual required contribution	(14,914)	(32,515)	(2,353)
Annual OPEB cost	112,240	64,480	11,355
Contributions made	(67,399)	(25,063)	(4,320)
Increase in net OPEB obligations	44,841	39,417	7,035
Net OPEB obligation, beginning of year	357,046	584,625	61,762
Net OPEB obligation, end of year	\$ 401,887	\$ 624,042	\$ 68,797

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 are as follows (in thousands of dollars):

	MCHP			MHPML		
	Fiscal Year Ending			Fiscal Year Ending		
	06/30/17	06/30/16	06/30/15	06/30/17	06/30/16	06/30/15
Annual OPEB Cost (AOC)	\$ 112,240	\$ 101,903	\$ 108,266	\$ 64,480	\$ 65,105	\$ 72,601
Percentage of AOC	60.05%	64.96%	57.81%	38.87%	38.49%	37.87%
Net OPEB Obligation	\$ 401,887	\$ 357,046	\$ 321,343	\$ 624,042	\$ 584,625	\$ 544,582

	CEIP		
	Fiscal Year Ending		
	06/30/17	06/30/16	06/30/15
Annual OPEB Cost (AOC)	\$ 11,355	\$ 11,219	\$ 11,905
Percentage of AOC	38.04%	39.09%	36.04%
Net OPEB Obligation	\$ 68,797	\$ 61,762	\$ 54,928

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 8 - Other Postemployment Benefits (cont.)

Funded Status and Funding Progress

The funded status of the Plans as of June 30, 2017, are as follows (in thousands of dollars):

	<u>MCHCP</u>	<u>MHPML</u>	<u>CEIP</u>
Actuarial Accrued Liability (AAL)	\$1,837,900	\$ 793,246	\$ 175,716
Less Actuarial Value of Plan Assets	125,400	—	—
Unfunded Actuarial Accrued Liability	<u>\$1,712,500</u>	<u>\$ 793,246</u>	<u>\$ 175,716</u>
 Funded Ratio	 6.82%	 0.00%	 0.00%
 Covered Payroll	 \$1,609,500	 \$ 356,149	 \$ 67,400
 UAAL as a Percentage of Covered Payroll	 106.40%	 222.73%	 260.71%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation for fiscal year ending June 30, 2017, MCHCP used the entry-age method while MHPML and CEIP used the projected unit credit cost method. The actuarial assumptions for MCHCP, MHPML, and CEIP include a 5.7%, 4.0%, and 3.8% discount rate, respectively. For MCHCP, the projected annual health care cost trend rate for non-Medicare health care is 6.5% in fiscal 2017, decreasing by 0.25% per year to an ultimate rate of 5.0% in fiscal year 2023. The projected annual health care cost trend rate for Medicare health care is 7.5% in fiscal year 2017, decreasing by 0.25% per year to an ultimate rate of 5.0% in fiscal year 2027. The UAAL is being amortized at a level dollar amount over an open basis, over a 30-year period.

College and Universities:

University of Missouri System

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits by means of a single-employer, defined benefit plan. Currently, 7,683 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2017, the University's contributions were 59.19% of the total (employer/employee) contributions made for other postemployment benefits.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 8 - Other Postemployment Benefits (cont.)

Currently, the number of retirees/long-term disability claimants participating in medical care, dental care, and life insurance are 6,279, 6,481, and 3,470 respectively. During fiscal year 2017, the University and its employees contributed \$36,144,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were \$36,059,000.

Funding Policy

Contribution requirements of the employees and the University are established and may be amended by the University's Board of Curators. The University has no obligation to make contributions in advance of when insurance premiums or claims are due for payment. It currently funds postemployment benefits at a level no less than the pay-as-you-go basis. In fiscal year 2017 and 2016, the University contributed \$21,394,000 and \$26,207,000, or 93.2% and 90.8%, of the annual required contribution (ARC), respectively.

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the University's net OPEB obligation for fiscal year 2017 (in thousands of dollars):

	<u>University of Missouri System</u>
Annual required contribution	\$ 22,958
Interest on net OPEB obligation	7,440
Adjustment to annual OPEB obligation	<u>(8,134)</u>
Annual OPEB cost	22,264
Contributions made	<u>(21,394)</u>
Increase in net OPEB obligation	870
Net OPEB obligation (asset), beginning of year	<u>212,572</u>
Net OPEB obligation, end of year	<u><u>\$ 213,442</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 was as follows (in thousands of dollars):

	<u>University of Missouri System</u>		
	<u>Fiscal Year Ending</u>		
	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
Annual OPEB Cost (AOC)	\$ 22,264	\$ 28,986	\$ 58,462
Percentage of AOC	96.09%	90.40%	43.98%
Net OPEB Obligation	\$ 213,442	\$ 212,572	\$ 209,793

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 8 - Other Postemployment Benefits (cont.)

Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2017, was as follows (in thousands of dollars):

	<u>University of Missouri System</u>
Actuarial Accrued Liability (AAL)	\$ 464,734
Less Actuarial Value of Plan Assets	35,145
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 429,589</u>
Funded Ratio	7.56%
Covered Payroll	\$ 1,188,977
UAAL as a Percentage of Covered Payroll	36.13%

Actuarial Methods and Assumptions

July 1, 2015 was the date of the last valuation. The University of Missouri used the projected unit credit actuarial cost method of valuation. The actuarial assumptions for University of Missouri System included a 3.5% rate of return, net of administrative expenses. The projected annual health care cost trend rate is 7.5% to 11.5% initially, reduced by 0.5% decrements to an ultimate rate of 5.0%. The UAAL is being amortized at a level dollar amount over an open basis, level percent of pay, over a 30-year period.

During fiscal year 2016, the University's Board of Curators approved new plan provisions for retiree insurance offerings available to current employees upon their retirement that would reduce the University's actuarial accrued liability. As a result of the changes, the plan reduced the Accrued Actuarial Liability by \$170,097,000. This change will be amortized into the Unfunded Actuarial Liability over a period of 30 years.

Note 9 - Deferred Compensation

Missouri State Public Employees' Deferred Compensation Plan:

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account, or annuity contract for the exclusive benefit of Plan participants and their beneficiaries. Investments are managed by the Plan's trustee under one of several investment options, or a combination thereof. The choice between the investment option(s) available by the Plan is made by the participants.

Copies of the Plan's financial statements may be requested from:

Plan Administrator
c/o MOSERS
P.O. Box 209
907 Wildwood Drive
Jefferson City, Missouri 65102-0209

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 9 - Deferred Compensation (cont.)

Missouri State Public Employees' Deferred Compensation Plan:

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code.

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees' Deferred Compensation Plan. As of March 2010, employer incentive (match) associated with the State of Missouri Deferred Compensation Plan was suspended. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. The Plan receives contributions from employees as well as rollovers from other qualified plans. During fiscal year 2017, net rollovers and contributions to ICMA-RC were \$70,275,000.

Copies of the Plan's financial statements may be requested from:

Plan Administrator
c/o MOSERS
P.O. Box 209
907 Wildwood Drive
Jefferson City, Missouri 65102-0209

Note 10 - Changes in Short-Term Liabilities

The State uses a bank overdraft line of credit to compensate for timing in cash payments and receipts.

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2017 (in thousands of dollars):

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Bank Overdraft	\$ 2	\$ 1,170,662	\$ (1,170,662)	\$ 2

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 11 - Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017 (in thousands of dollars):

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
Governmental Activities:					
Due to Other Entities	\$ 1,358	\$ 3	\$ —	\$ 1,361	\$ —
General Obligation Bonds Payable	208,880	—	(54,050)	154,830	50,135
Other Bonds Payable	3,207,400	97,225	(360,800)	2,943,825	256,625
Unamortized Bond Premium	245,482	5,877	(48,180)	203,179	—
Obligations under Lease Purchase	130,386	1,539	(32,109)	99,816	26,489
Pollution Remediation	49,725	1,153	(3,447)	47,431	5,594
Compensated Absences	174,798	200,508	(200,291)	175,015	174,287
Claims Liability	182,430	463,455	(468,207)	177,678	118,869
Contingent Liabilities	39,040	69,802	(37,692)	71,150	23,838
2 nd Injury Fund Contingent Liabilities	1,732,685	206,662	(99,161)	1,840,186	99,161
Net Other Postemployment Benefit Obligation	1,003,433	188,075	(96,782)	1,094,726	—
Net Pension Liability	4,622,896	1,795,063	(537,127)	5,880,832	—
Total Governmental-Type Activities	<u>\$ 11,598,513</u>	<u>\$ 3,029,362</u>	<u>\$ (1,937,846)</u>	<u>\$ 12,690,029</u>	<u>\$ 754,998</u>
Business-Type Activities:					
Obligations under Lease Purchase	\$ 304	\$ —	\$ (176)	\$ 128	\$ 128
Claims Liability	83,235	13,565	(14,932)	81,868	15,000
Grand Prize Winner Liability	101,752	81,906	(72,473)	111,185	81,708
Compensated Absences	4,399	4,539	(4,334)	4,604	4,334
Net Pension Liability	76,336	61,776	(18,485)	119,627	—
Total Business-Type Activities	<u>\$ 266,026</u>	<u>\$ 161,786</u>	<u>\$ (110,400)</u>	<u>\$ 317,412</u>	<u>\$ 101,170</u>

Note 12 - Bonds Payable

Bonds are long-term liabilities and are reconciling items from governmental fund financial statements to government-wide financial statements. On the Government-Wide Statement of Net Position, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

General Obligation Bonds:

The Board of Fund Commissioners of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit, and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund or other funds to the debt service funds from which principal and interest payments are made. Three types of general obligation bonds are currently outstanding. Proceeds from the Water Pollution Control Bonds were used to provide funds for the protection of the environment through the control of water pollution. Proceeds from the Fourth State Building Bonds were used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds were used to provide funds to protect the environment through the control of stormwater.

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Water Pollution Control Bonds:				
Series A 2010-Refunding	7/27/10	\$ 81,450	A 2001	\$ 15,030
			A 2002	20,225
			B 2002-Refunding	12,990
			A 2005-Refunding	8,595
			A 2007	31,385
Series A 2012-Refunding	9/27/12	62,460	A 2002	3,225
			B 2002-Refunding	64,080
Fourth State Building Bonds:				
Series A 2010-Refunding	7/27/10	9,060	A 2002-Refunding	8,970
			A 2005-Refunding	1,470
Series A 2012-Refunding	9/27/12	100,395	A 2002-Refunding	110,535
Stormwater Control Bonds:				
Series A 2010-Refunding	7/27/10	15,150	A 2001	7,320
			A 2002	8,475
			A 2005-Refunding	905

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2017, \$594,494,240 of the Water Pollution Control Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$130,505,760 and for Stormwater Control Bonds is \$155,000,000. There is no remaining authorization for the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Water Pollution Control Bonds:						
Series A 2007	4.0 - 5.0%	6/1; 12/1	11/07	12/1/21	\$ 50,000	\$ 9,095
Series A 2010-Refunding	4.0 - 5.0%	12/1; 6/1	7/10	12/1/22	81,450	49,665
Series A 2012-Refunding	3.0 - 4.0%	10/1; 4/1	9/12	10/1/19	62,460	19,670
Fourth State Building Bonds:						
Series A 2010-Refunding	4.0 - 5.0%	12/1; 6/1	7/10	12/1/22	9,060	5,525
Series A 2012-Refunding	2.0 - 4.0%	10/1; 4/1	9/12	10/1/21	100,395	61,640
Stormwater Control Bonds:						
Series A 2010-Refunding	4.0 - 5.0%	12/1; 6/1	7/10	12/1/22	15,150	9,235
Total General Obligation Bonds					<u>\$ 318,515</u>	\$ 154,830
Less: Amount in Sinking Fund for payment of Principal						<u>(56,192)</u>
						<u>\$ 98,638</u>

As of June 30, 2017, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2018	\$ 50,135	\$ 5,592	\$ 55,727
2019	38,575	3,712	42,287
2020	21,590	2,445	24,035
2021	15,880	1,666	17,546
2022	16,560	964	17,524
2023	12,090	302	12,392
Totals	<u>\$ 154,830</u>	<u>\$ 14,681</u>	<u>\$ 169,511</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

Other Bonds:

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits state agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves, and to pay the costs of operations. The total amount authorized for the Board equals \$1,545,000,000.

To take advantage of lower interest rates, the Board of Public Buildings has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Board of Public Buildings:				
Series A 2011-Refunding	09/27/11	\$ 143,020	A 2001	\$ 126,850
			A 2003	12,620
			A 2006	3,175
Series A 2012-Refunding	08/23/12	278,835	A 2003	285,340
Series A 2013-Refunding	10/11/13	29,370	A 2003	30,195
Series A 2014-Refunding	08/19/14	88,680	A 2006	87,225
Series A 2015-Refunding	04/01/15	20,250	A 2011-Refunding	21,380

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2017, the Board of Public Buildings Bonds had issued \$1,068,010,000 of the bond authorization. The remaining authorization is \$476,990,000.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series A 2011-Refunding	1.0 - 5.0%	4/1; 10/1	9/11	10/1/28	\$ 143,020	\$ 91,190
Series A 2012-Refunding	2.0 - 5.0%	4/1; 10/1	8/12	10/1/28	278,835	235,290
Series A 2013-Refunding	2.0 - 5.0%	4/1; 10/1	10/13	10/1/28	29,370	24,755
Series A 2014-Refunding	1.0 - 5.0%	4/1; 10/1	8/14	10/1/30	88,680	85,675
Series A 2015-Refunding	5.0%	4/1; 10/1	4/15	10/1/24	20,250	20,250
Series A 2015	3.0 - 5.0%	4/1; 10/1	4/15	10/1/39	36,805	35,100
Series B 2015	3.0 - 5.0%	4/1; 10/1	9/15	4/1/30	60,000	52,625
Series A 2016	3.0 - 4.0%	4/1; 10/1	5/16	4/1/36	100,000	93,925
Total Board of Public Buildings Bonds					<u>\$ 756,960</u>	<u>\$ 638,810</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

As of June 30, 2017, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 40,490	\$ 23,046	\$ 63,536
2019	42,230	21,229	63,459
2020	44,070	19,230	63,300
2021	46,025	17,178	63,203
2022	48,025	15,082	63,107
2023-2027	260,625	46,430	307,055
2028-2032	131,985	10,502	142,487
2033-2037	19,000	2,657	21,657
2038-2040	6,360	339	6,699
Totals	<u>\$ 638,810</u>	<u>\$ 155,693</u>	<u>\$ 794,503</u>

The Missouri Health and Educational Facilities Authority (MOHEFA) issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri-Columbia Arena Project) Series 2001, dated November 1, 2001, to fund the design, acquisition, construction, furnishing, and equipping of a sports arena facility and related facilities on the University of Missouri-Columbia campus. The Missouri Health and Educational Facilities Authority (MOHEFA) issued \$20,125,000 of Educational Facilities Refunding Revenue Bonds Series 2011, dated November 17, 2011. The Refunding Educational Facilities Revenue bonds refunded \$22,770,000 of Educational Facilities Revenue Bonds Series 2001. These bonds are special, limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Educational Facilities Revenue Bonds:						
Series 2011-Refunding	2.0 - 5.0%	4/1; 10/1	11/11	10/1/21	<u>\$ 20,125</u>	<u>\$ 11,160</u>

As of June 30, 2017, the debt service requirements for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 2,015	\$ 507	\$ 2,522
2019	2,115	404	2,519
2020	2,225	296	2,521
2021	2,340	182	2,522
2022	2,465	62	2,527
Totals	<u>\$ 11,160</u>	<u>\$ 1,451</u>	<u>\$ 12,611</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

The Regional Convention and Sports Complex Authority issued \$132,910,000 of Convention and Sports Facility Project Bonds Series A 1991, dated August 15, 1991, to finance the costs of acquiring land and constructing a multi-purpose convention and indoor sports facility in downtown St. Louis, Missouri. On December 15, 1993, the Authority issued \$121,705,000 of Convention and Sports Facility Project Refunding Bonds Series A 1993 for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$101,410,000. On August 1, 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project Refunding Bonds Series A 2003 for the purpose of refunding Convention and Sports Facility Project Bonds Series A 1991 and Series A 1993 refunding bonds and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$2,845,000 for the Series A 1991 bonds and \$113,170,000 for the Series A 1993 refunding bonds. On August 20, 2013, the Authority issued \$65,195,000 of Convention and Sports Facility Project Refunding Bonds Series A 2013 for the purpose of refunding Convention and Sports Facility Project Refunding Bonds Series A 2003. The principal amount refunded was \$64,385,000. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State.

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Convention and Sports Facility Project Bonds:						
Series A 2013-Refunding	2.0 - 5.0%	2/15; 8/15	8/13	8/15/21	<u>\$ 65,195</u>	<u>\$ 43,285</u>

As of June 30, 2017, the debt service requirements for the principal and interest in future years for the Convention and Sports Facility Project Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2018	\$ 7,835	\$ 1,968	\$ 9,803
2019	8,225	1,567	9,792
2020	8,635	1,145	9,780
2021	9,070	703	9,773
2022	<u>9,520</u>	<u>238</u>	<u>9,758</u>
Totals	<u>\$ 43,285</u>	<u>\$ 5,621</u>	<u>\$ 48,906</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

Under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount of \$10,000,000 for principal and interest and \$2,000,000 for maintenance each year. Future payments to the Authority related to the bond repayment were as follows (in thousands of dollars):

Fiscal Year Ended June 30	State Debt Service Payments
2018	\$ 10,000
2019	10,000
2020	10,000
2021	10,000
2022	5,000
Total	<u>\$ 45,000</u>

The Missouri Development Finance Board (MDFB) issued \$92,660,000 of Series 2014 Bonds dated December 10, 2014 and \$97,225,000 of Series 2016 Bonds dated December 15, 2016, to fund the replacement of the Fulton State Hospital. These bonds are special, limited obligations of the Board and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year.

The MDFB – Fulton State Hospital Project Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Fulton State Hospital Project Bonds:						
Series 2014	2.25 - 5.0%	4/1; 10/1	12/14	10/1/39	\$ 92,660	\$ 88,135
Series 2016	4.0 - 5.0%	4/1; 10/1	12/16	10/1/39	<u>97,225</u>	<u>97,225</u>
Total Fulton State Hospital Bonds					<u>\$ 189,885</u>	<u>\$ 185,360</u>

As of June 30, 2017, the debt service requirements for principal and interest in future years for the Fulton State Hospital Project Bonds (based on the financing agreement between the State and the Board) were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2018	\$ 4,850	\$ 7,501	\$ 12,351
2019	5,095	7,252	12,347
2020	5,355	6,991	12,346
2021	5,625	6,717	12,342
2022	5,910	6,428	12,338
2023-2027	33,605	28,021	61,626
2028-2032	40,855	20,664	61,519
2033-2037	49,370	12,098	61,468
2038-2040	34,695	2,155	36,850
Totals	<u>\$ 185,360</u>	<u>\$ 97,827</u>	<u>\$ 283,187</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

The Missouri Development Finance Board (MDFB) issued \$33,800,000 of Series A 2016 Bonds dated March 11, 2016, to fund the State Historical Society project. These bonds are special, limited obligations of the Board and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year.

The MDFB – State Historical Society Project Bonds issued and outstanding as of June 30, 2017, were as follows (In thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
State Historical Society Project Bonds:						
Series A 2016	2.0 - 5.0%	4/1; 10/1	3/16	10/1/35	<u>\$ 33,800</u>	<u>\$ 32,655</u>

As of June 30, 2017, the debt service requirement of the State for principal and interest in future years for the State Historical Society Project were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2018	\$ 1,250	\$ 1,083	\$ 2,333
2019	1,290	1,039	2,329
2020	1,350	973	2,323
2021	1,415	903	2,318
2022	1,480	831	2,311
2023-2027	8,065	3,423	11,488
2028-2032	9,330	2,036	11,366
2033-2036	<u>8,475</u>	<u>526</u>	<u>9,001</u>
Totals	<u>\$ 32,655</u>	<u>\$ 10,814</u>	<u>\$ 43,469</u>

State Road Bonds:

The Missouri Highways and Transportation Commission authorized by Article IV, Section 29-34 of the Missouri Constitution and Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the Missouri Road Fund. State Road Bonds have the following levels of priority: Senior Bonds, First Lien Bonds, Second Lien Bonds, and Third Lien Bonds. Proceeds from State Road Bonds are used for the purpose of constructing and maintaining the State's highways. As of June 30, 2017, the Missouri Highways and Transportation Commission had issued \$3,812,195,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

To take advantage of lower interest rates, the Missouri Highways and Transportation Commission has issued Bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Commission (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Senior Lien State Road Bonds:				
Series 2006-Refunding	12/13/06	\$ 394,870	A 2000	\$ 135,980
			A 2001	105,075
			A 2002	109,165
			A 2003	57,390
Series C 2010-Refunding	11/10/10	130,390	A 2001	11,135
			A 2002	18,405
			A 2003	111,760
Series A 2014-Refunding	6/3/14	589,015	A 2006	149,150
			B 2006	503,330
Series B 2014-Refunding	6/3/14	311,975	2007	325,290

The State Road Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series 2006-Refunding	4.00 - 5.00%	2/1; 8/1	12/06	2/1/22	\$ 394,870	\$ 119,655
Series A 2008-Second Lien	3.00 - 5.00%	5/1; 11/1	12/08	5/1/25	142,735	87,545
Series A 2009	2.00 - 5.00%	5/1; 11/1	9/09	5/1/21	195,625	81,680
Series B 2009	4.802 - 5.252%	5/1; 11/1	9/09	5/1/33	404,375	404,375
Series C 2009-Third Lien	4.313 - 5.213%	5/1; 11/1	11/09	5/1/29	300,000	280,930
Series A 2010	1.50 - 5.00%	5/1; 11/1	3/10	5/1/22	128,865	54,285
Series B 2010	4.72 - 5.02%	5/1; 11/1	3/10	5/1/25	56,135	56,135
Series C 2010-Refunding	3.00 - 5.00%	2/1; 8/1	11/10	2/1/23	130,390	65,770
Series A 2014-Refunding	2.00 - 5.00%	5/1; 11/1	6/14	5/1/26	589,015	570,205
Series B 2014-Refunding	3.00 - 5.00%	5/1; 11/1	6/14	5/1/25	311,975	311,975
Total Missouri Highways and Transportation Commission					<u>\$2,653,985</u>	<u>\$ 2,032,555</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

As of June 30, 2017, debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 200,185	\$ 102,050	\$ 302,235
2019	209,355	92,447	301,802
2020	170,340	82,413	252,753
2021	183,515	74,224	257,739
2022	196,330	65,170	261,500
2023-2027	779,565	185,405	964,970
2028-2032	250,015	49,045	299,060
2033	43,250	2,355	45,605
Totals	<u>\$ 2,032,555</u>	<u>\$ 653,109</u>	<u>\$ 2,685,664</u>

Component Units' Long-Term Debt - The following bonds are included in the balance sheet of the college and universities and the non-major component units.

Major

College and Universities:

The college and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2017, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 68,825	\$ 92,720	\$ 161,545
2019	65,339	90,146	155,485
2020	172,737	85,390	258,127
2021	62,145	80,691	142,836
2022	62,455	78,329	140,784
2023-2027	375,531	350,242	725,773
2028-2032	342,631	274,858	617,489
2033-2037	268,236	207,174	475,410
2038-2042	372,872	131,092	503,964
2043-2047	155,870	43,126	198,996
2048-2052	—	31,777	31,777
2053-2056	150,000	15,889	165,889
Totals ⁽¹⁾	<u>\$ 2,096,641</u>	<u>\$ 1,481,434</u>	<u>\$ 3,578,075</u>

⁽¹⁾The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

Non-Major

Missouri Development Finance Board:

In December 2000, the Board issued \$6,500,000 in St. Louis Convention Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds and \$14,600,000 in St. Louis Convention Center Hotel Series 2000C, tax-exempt infrastructure facilities revenue bonds, respectively for the purpose of paying the costs of acquiring land and constructing a parking garage. Bonds are payable, both principal and interest, out of revenues derived from the operation of the parking garage.

In April 2010, the Board issued \$9,000,000 in Seventh Street Garage Series 2010A, tax exempt infrastructure facilities revenue bonds.

The Missouri Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Missouri Development Finance Board:						
Revenue Bonds						
Series 2000B	Variable	12/1	12/00	12/1/20	\$ 6,500	\$ 3,910
Series 2000C	Variable	12/1	12/00	12/1/20	14,600	7,740
Series 2010A	Variable	monthly	4/10	5/1/40	9,000	8,046
Total Missouri Development Finance Board Revenue Bonds					<u>\$ 30,100</u>	<u>\$ 19,696</u>

As of June 30, 2017, the debt service requirements for principal and interest in future years for the Missouri Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2018	\$ 214	\$ 126	\$ 340
2019	223	123	346
2020	232	120	352
2021	11,892	116	12,008
2022	252	101	353
2023-2027	1,438	448	1,886
2028-2032	1,779	332	2,111
2033-2037	2,197	189	2,386
2038-2040	1,469	32	1,501
Totals ⁽¹⁾	<u>\$ 19,696</u>	<u>\$ 1,587</u>	<u>\$ 21,283</u>

⁽¹⁾The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 12 - Bonds Payable (cont.)

The annual debt service schedule assumes an interest rate of 0.098%, representing the interest rate at June 30, 2017, for the Series 2000B and Series 2000C bonds. The annual debt service also assumes an interest rate of 4.25%, representing the interest rate as of June 30, 2017, for the Seventh Street Garage Series 2010A bonds. As of June 28, 2012 through April 30, 2015, the Board entered into an interest deferral agreement whereby the bond interest rate for the Seventh Street Garage Series 2010A bonds is the lesser of the modified pay rate or 4.25% annually.

Bond Transactions of the State of Missouri - The following schedule is a summary of bond activity for the fiscal year ended June 30, 2017 (in thousands of dollars):

	Governmental Funds		Component Units	
	General Obligation Bonds	Other Bonds	Revenue Bonds	Totals
Bonds Payable at July 1, 2016	\$ 208,880	\$ 3,207,400	\$ —	\$ 3,416,280
Bond Issuance	—	97,225	—	97,225
Bonds Retired	(54,050)	(360,800)	—	(414,850)
Subtotal	154,830	2,943,825	—	3,098,655
College and Universities ⁽¹⁾	—	—	2,096,641	2,096,641
Missouri Development Finance Board	—	—	19,696	19,696
Bonds Payable at June 30, 2017	<u>\$ 154,830</u>	<u>\$ 2,943,825</u>	<u>\$ 2,116,337</u>	<u>\$ 5,214,992</u>

⁽¹⁾ Detailed information for college and universities are not shown.

Note 13 - Defeased Debt

A. Current Year Debt Defeasance

On August 10, 2016, the Southeast Missouri State University issued \$25,025,000 of System Facilities Revenue Bonds, Series 2016C, with interest rate ranging from 2.00% to 3.00%. As a result of the refunding, the University reduced its total debt service payments by \$3,068,337 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$2,723,714.

B. Cumulative Debt Defeasances

Various bond issues have been defeased by the advance refunding of bonds. Irrevocable escrow accounts, containing proceeds of the refunding bond issues in the form of cash and U.S. government securities, are used to pay principal, interest, or redemption prices of the defeased bonds as and when due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the governmental activities and college and universities Statement of Net Position.

Governmental Activities - As of June 30, 2017, bonds outstanding of \$21,380,000 are defeased.

College and Universities - As of June 30, 2017, bonds outstanding of \$278,765,000 are defeased.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 14 - Payables and Receivables

A summary of accounts payable and accounts receivable at June 30, 2017, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2017
Accounts Payable:			
Taxpayers	\$ 119,428	\$ 27	\$ 119,455
Other Governments	119,762	4	119,766
Vendors	1,059,897	23,351	1,083,248
Employees	114,835	3,378	118,213
Other	65,717	30	65,747
Total Accounts Payable	<u>\$ 1,479,639</u>	<u>\$ 26,790</u>	<u>\$ 1,506,429</u>
Accounts Receivable with expected date of receipt within one year:			
Taxpayers	\$ 2,071,063	\$ 1,532	\$ 2,072,595
Other Governments	755,536	8,585	764,121
Vendors	116,468	—	116,468
Customers	160,715	179,927	340,642
Other	1,382,415	678	1,383,093
	<u>4,486,197</u>	<u>190,722</u>	<u>4,676,919</u>
Accounts Receivable with expected date of receipt greater than one year:			
Vendors	34,530	—	34,530
Customers	147,527	34	147,561
Other	21,444	—	21,444
	<u>203,501</u>	<u>34</u>	<u>203,535</u>
Accounts Receivable	4,689,698	190,756	4,880,454
Amounts not expected to be collected	<u>(426,561)</u>	<u>—</u>	<u>(426,561)</u>
Accounts Receivable, net	<u>\$ 4,263,137</u>	<u>\$ 190,756</u>	<u>\$ 4,453,893</u>

Note 15 - Deferred Inflows and Outflows

Deferred outflows of resources are defined as consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows increase net position, similar to assets and deferred inflows decrease net position, similar to liabilities.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 15 - Deferred Inflows and Outflows (cont.)

The components of deferred outflows of resources and deferred inflows of resources reported in the government-wide financial statements as of June 30, 2017, are as follows (in thousands):

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Deferred Outflows of Resources				
Pension Differences Between Expected and Actual Experience	\$ 42,597	\$ 1,449	\$ 44,046	\$ 15,169
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	753,053	22,981	776,034	225,566
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	32	—	32	7,496
Pension Changes in Assumptions	422,433	14,645	437,078	84,147
Pension Contributions Subsequent to the Measurement Date	505,085	10,144	515,229	58,181
Deferred for Refunding Bonds	80,675	—	80,675	34,244
Cash Flow Hedge	—	—	—	18,156
Accumulated Decrease in Fair Value of Hedging Derivatives	—	—	—	387
Total Deferred Outflows of Resources	\$ 1,803,875	\$ 49,219	\$ 1,853,094	\$ 443,346
Deferred Inflows of Resources				
Pension Differences Between Expected and Actual Experience	\$ 57,756	\$ 411	\$ 58,167	\$ 47,218
Pension Changes in Assumptions	22,086	845	22,931	4,858
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	76,260	—	76,260	—
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	3,794	143	3,937	3,934
Deferred for Refunding Bonds	1,132	—	1,132	—
Total Deferred Inflows of Resources	\$ 161,028	\$ 1,399	\$ 162,427	\$ 56,010

Deferred inflows of resources on the governmental funds balance sheet as of June 30, 2017 are unavailable revenues. Unavailable revenues are those for which asset recognition criteria has not been met for governmental funds, which uses the modified accrual basis of accounting (in thousands):

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Governmental Funds	Total
Deferred Inflows of Resources						
Unavailable Revenue	\$ 1,005,272	\$ 44,706	\$ 22,606	\$ 23,242	\$ 7,253	\$ 1,103,079

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 15 - Deferred Inflows and Outflows (cont.)

Deferred inflows and outflows of resources balances are as follows (in thousands):

<u>Proprietary</u>	State Lottery	Petroleum Storage Tank Insurance	Non-Major Funds	Total Enterprise Funds	Governmental Activities – Internal Service Funds
Deferred Outflows of Resources					
Pension Differences Between Expected and Actual Experience	\$ 168	\$ 23	\$ 1,258	\$ 1,449	\$ 1,140
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	2,664	358	19,959	22,981	18,090
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	—	—	—	—	31
Pension Changes in Assumptions	1,697	228	12,720	14,645	11,527
Pension Contributions Subsequent to the Measurement Date	1,138	155	8,851	10,144	8,036
Total Deferred Outflows of Resources	\$ 5,667	\$ 764	\$ 42,788	\$ 49,219	\$ 38,824
Deferred Inflows of Resources					
Pension Differences Between Expected and Actual Experience	\$ 48	\$ 6	\$ 357	\$ 411	\$ 323
Pension Changes in Assumptions	98	13	734	845	666
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	17	2	124	143	180
Total Deferred Inflows of Resources	\$ 163	\$ 21	\$ 1,215	\$ 1,399	\$ 1,169

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 15 - Deferred Inflows and Outflows (cont.)

<u>Fiduciary</u>	Private- Purpose Trust Funds
Deferred Outflows of Resources	
Pension Differences Between Expected and Actual Experience	\$ 13
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	205
Pension Changes in Assumptions	130
Pension Contributions Subsequent to the Measurement Date	96
Total Deferred Outflows of Resources	\$ 444
Deferred Inflows of Resources	
Pension Differences Between Expected and Actual Experience	\$ 3
Pension Changes in Assumptions	8
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	1
Total Deferred Inflows of Resources	\$ 12

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 15 - Deferred Inflows and Outflows (cont.)

<u>Component Units</u>	<u>College and Universities</u>	<u>Non-Major</u>
Deferred Outflows of Resources		
Pension Differences Between Expected and Actual Experience	\$ 15,145	\$ 24
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	225,190	376
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	7,351	145
Pension Changes in Assumptions	83,908	239
Pension Contributions Subsequent to the Measurement Date	58,022	159
Deferred for Refunding Bonds	34,244	—
Cash Flow Hedge	18,156	—
Accumulated Decrease in Fair Value of Hedging Derivatives	—	387
Total Deferred Outflows of Resources	<u>\$ 442,016</u>	<u>\$ 1,330</u>
Deferred Inflows of Resources		
Pension Differences Between Expected and Actual Experience	\$ 47,211	\$ 7
Pension Changes in Assumptions	4,844	14
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	3,895	39
Total Deferred Inflows of Resources	<u>\$ 55,950</u>	<u>\$ 60</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 17 - Interfund Transfers

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2017, were as follows (in thousands of dollars):

Transfers In:					
	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Governmental Funds
Transfers Out:					
General Fund	\$ —	\$ 1,014,739	\$ 965	—	\$ 309,767
Public Education	23,510	—	—	—	—
Conservation and Environmental Protection	704	—	—	—	2,539
Non-Major Governmental Funds	18,006	5,050	—	459,141	5,600
State Lottery	—	291,686	—	—	—
Unemployment Compensation	376	—	—	—	2,078
Non-Major Enterprise Funds	30	—	—	—	1,022
Internal Service Funds	1,924	—	10	—	103
Totals	<u>\$ 44,550</u>	<u>\$ 1,311,475</u>	<u>\$ 975</u>	<u>\$ 459,141</u>	<u>\$ 321,109</u>

Continues Below

	State Lottery	Non-Major Enterprise Funds	Internal Service Funds	Totals
Transfers Out:				
General Fund	\$ —	\$ 695	\$ 153	\$ 1,326,319
Public Education	—	—	—	23,510
Conservation and Environmental Protection	—	—	—	3,243
Non-Major Governmental Funds	—	4,750	—	492,547
State Lottery	—	—	—	291,686
Unemployment Compensation	—	—	—	2,454
Non-Major Enterprise Funds	—	—	—	1,052
Internal Service Funds	27	37	26	2,127
Totals	<u>\$ 27</u>	<u>\$ 5,482</u>	<u>\$ 179</u>	<u>\$ 2,142,938</u>

Principal reasons for interfund transfers include:

- moving general revenue funds to support elementary and secondary education
- moving state lottery funds to support elementary and secondary education
- moving general revenue funds to support social assistance programs reported in non-major governmental funds
- moving funds related to the construction of capital assets

There were transfers of capital assets for \$920,000 from a non-major special revenue funds to the enterprise funds. These are reported as capital contributions in the enterprise funds and excluded from the non-major special revenue funds; therefore these transfers are also not included in the reconciliation.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 18 - Restatements

During fiscal year 2017, additional information became available which required fund equity amounts. The following table presents a summary of these restatements by fund (in thousands of dollars):

	June 30, 2016 Fund Balance/ Net Position Previously Reported	Prior Period Adjustments	June 30, 2016 Fund Balance/ Net Position Restated
GOVERNMENTAL FUNDS			
Major Governmental Funds			
General Fund	\$ 1,453,742	\$ (63)	\$ 1,453,679
Conservation and Environmental Protection	1,768,980	(32)	1,768,948
Non-Major Governmental Funds			
Special Revenue	433,774	(196)	433,578
Total Governmental Funds	<u>\$ 3,656,496</u>	<u>\$ (291)</u>	<u>\$ 3,656,205</u>
PROPRIETARY FUNDS			
Non-Major Proprietary Funds			
Enterprise	\$ 74,552	\$ (684)	\$ 73,868
Internal Service	468,849	162	469,011
Total Proprietary Funds	<u>\$ 543,401</u>	<u>\$ (522)</u>	<u>\$ 542,879</u>
FIDUCIARY FUNDS			
Pension (And Other Employee Benefit)			
Trust Funds	\$ 12,222,614	\$ 295	\$ 12,222,909
Total Fiduciary Funds	<u>\$ 12,222,614</u>	<u>\$ 295</u>	<u>\$ 12,222,909</u>
DISCRETELY PRESENTED COMPONENT UNITS			
College and Universities	\$ 5,681,853	\$ 132,284	\$ 5,814,137
Total Component Units	<u>\$ 5,681,853</u>	<u>\$ 132,284</u>	<u>\$ 5,814,137</u>

Breakdown of restatements by type:

- General Fund, the restatement was due to a decrease in accounts receivable of \$1,605,000 and an increase in loans receivable of \$1,542,000.
- Conservation and Environmental Protection, the restatement was due to a decrease in accounts receivable of \$32,000.
- Non-major special revenue funds, the restatement was due to a decrease in investments of \$196,000.
- Non-major enterprise funds, the restatement was due to a decrease in capital assets (net of accumulated depreciation/amortization) of \$33,000 and an increase in unearned revenue of \$651,000.
- Non-major internal service funds, the restatement was due to a decrease in investments of \$296,000, a decrease in accounts receivable of \$84,000, an increase of capital assets (net of accumulated depreciation/amortization) of \$1,833,000, a decrease of accounts payable of \$7,000, and an increase of obligations under lease purchase of \$1,298,000.
- Discretely presented component units - colleges and universities, the restatement was due to a decrease in prepaid expenses and other current assets of \$152,000. For the University of Missouri, financial statements were restated to reflect the adoption of GASB Statement No. 80, *Blending Requirements for Certain Component Units*. (See Note 2). The cumulative effect of the change in accounting principle resulted in a increase in beginning net position of \$132,436,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 18 - Restatements (cont.)

- Pension (and other employee benefit) trust funds, the restatement was due to an increase of investments at fair value of \$296,000, an increase of capital assets (net of accumulated depreciation/amortization) of \$6,000, and an increase of accounts payable of \$7,000.

Purpose for restatements:

The items on the schedule were restated as a result of additional information received this year related to prior year corrections.

On the Government-Wide Statement of Activities, net position for the governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, other assets decreased by \$2,336,000, capital assets (net of accumulated depreciation/amortization) increased by \$14,446,000, obligations under lease purchase decreased by \$1,298,000, and deferred outflows of resources for refunding bonds increased by \$1,594,000.

On the Government-Wide Statement of Activities, net position for the business-type activities were restated by the amounts shown on the restatement schedule for enterprise funds.

Note 19 - Fund Deficit

The following funds had a deficit balance:

Enterprise Fund – Petroleum Storage Tank Insurance – At June 30, 2017, this fund had a net position deficit of \$32,306,000. The deficit at June 30, 2016 was \$26,061,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will not accept new claim liabilities after December 31, 2020, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the General Assembly. Under Section 319.132, RSMo, the Board of Trustees has authority to increase the transport load fee to a maximum of \$60 per 8,000 gallons. In addition, under Section 319.133, RSMo, the Board can increase annual participation fees to a maximum of \$500 per tank per year. These facts, along with the knowledge that PSTIF's claim reserves are set using very conservative assumptions, assure that adequate revenues will be available to meet its liabilities. Per Section 319.131, RSMo, the liability of the Petroleum Storage Tank Insurance Fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Enterprise Funds – State Lottery and Missouri Veterans' Homes, and Internal Service Funds – Natural Resources Cost Allocation, Economic Development Administrative, Professional Registration Fees, and Missouri State Employees Insurance Plan – At June 30, 2017, these funds had a net position deficit of \$3,178,000, \$46,706,000, \$6,338,000, \$1,467,000, \$3,075,000, and \$84,000 respectively. These funds, except for the Missouri State Employees Insurance Plan, started to have deficit balances in fiscal year 2015 due to the implementation of GASB 68 and the reporting of net pension liabilities. It is expected that these liabilities will be funded over time. The Missouri State Employees Insurance Plan has a deficit due to administrative costs allocated exceeded reimbursement received.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 20 - Tax Abatements

The State has entered into various agreements to provide tax abatements through certain programs that provide economic benefit to the State.

Tax Abatement Program	Amount of Taxes Abated during Fiscal Year 2017 (in thousands)
Housing	
Missouri Low Income Housing Tax Credit	\$ 165,662
Neighborhood Preservation Tax Credit	3,147
Business Recruitment	
Missouri Quality Jobs	62,528
Missouri Works - Business Incentives	35,066
Missouri Works New Jobs Training	4,380
Missouri Works Job Retention Training	6,029
Missouri Manufacturing Jobs Act	15,351
Business Use Incentives for Large-Scale Development	10,433
Enhanced Enterprise Zone	6,254
Business Facility Tax Credit	4,047
Film Production Tax Credit	2,376
Amateur Sports Ticket Sales Tax Credit	1,317
Rebuilding Communities Tax Credit	476
Development Tax Credit	346
Data Center Sales Tax Exemption	— *
Redevelopment	
Historic Preservation Tax Credit	49,743
Brownfield Remediation	2,385
Distressed Areas Land Assemblage	397
TOTAL	\$ 369,937
Chapter 100 Personal Property Tax Exemption - maximum amount exemption certificates issued	\$ 1,819

*Amount unknown

Housing

The Missouri Low Income Housing Tax Credit (MOLIHTC) is authorized by Sections 135.350-135.363, RSMo, and provides a tax credit to qualified owners of affordable rental housing. To qualify upon application, a development must 1) rent at least 20% of its units to families earning 50% of the area median family income or 2) rent at least 40% of its units to families earning 60% of the area median family income, each adjusted for family size. The MOLIHTC generates equity investments that are purchased by the private sector for the development of new or rehabilitated rental housing which enables owners to lower rents to affordable levels for low-income families. The investor of the MOLIHTC can redeem the credit by applying it dollar for dollar to the following types of tax liabilities: income tax, corporate franchise tax, insurance premium tax, other financial institutions tax, or express company tax. MOLIHTC properties must comply with tenant eligibility, property maintenance, and fair housing law throughout a 15-year period. The Missouri Housing Development Commission monitors the properties for compliance and reports non-compliance to the Internal Revenue Service and Missouri Department of Revenue. Property owners found to be out of compliance are subject to recapture through the provisions of Section 135.355, RSMo and IRS §42. The MOLIHTC reduced State taxes by \$165,662,000 during fiscal year 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 20 - Tax Abatements (cont.)

The Neighborhood Preservation Tax Credit is authorized by Sections 135.475-135.487, RSMo, and provides incentives for homeowners in lower income areas who rehabilitate or construct owner-occupied homes in qualifying or eligible areas of the State. Upon application, the eligible property must be in a qualifying area with a median household income of less than 70% of the median household income for the metropolitan statistical area (MSA) or non-MSA; or be located in an eligible area with a median household income of 70-89% of the median household income for the applicable MSA or non-MSA. Recipients are eligible to receive a credit for 15% of eligible costs up to \$25,000 per residence for new residences in eligible areas; 15% of eligible costs up to \$40,000 per residence for new residences in qualifying areas; 25% of eligible costs with a minimum of \$10,000 and not to exceed \$25,000 per residence for substantial rehabilitation in eligible areas; 35% of eligible costs with a minimum of \$5,000 or 50% of purchase price and not to exceed \$70,000 per residence for substantial rehabilitation in qualifying areas; and 25% of eligible costs with a minimum of \$5,000 and not to exceed \$25,000 per residence for non-substantial rehabilitation in qualifying areas. The abatements can be applied against income tax, corporate franchise tax, bank tax, insurance premium tax, or other financial institutions tax. A taxpayer, other than the owner-occupant who receives a certificate of tax credit, shall have 30 days within the date of the sale to furnish satisfactory proof that the residence was sold at market to the Director of the Department of Economic Development (DED). If the Director determines that the residence was not in good faith intended for long-term owner occupancy, then the Director may revoke any tax credits issued and seek recovery of those credits pursuant to Section 620.017, RSMo. There are no other commitments made as part of the agreement. The Neighborhood Preservation Tax Credit reduced State taxes by \$3,147,000 during fiscal year 2017.

Business Recruitment

Missouri Quality Jobs is authorized by Sections 620.1875-620.1890, RSMo and provides tax incentives to qualified companies for facilitating the creation of new jobs or the retention of existing jobs in the State. This program has been replaced by Missouri Works, except for current projects. To qualify, the company must create a minimum number of jobs within the project facility within 2 to 3 years after the approval of the Notice of Intent and must maintain those jobs for the duration of the benefit. The average wage of the new jobs must equal or exceed the average county wage and the company must offer health insurance and pay at least 50% of the premium. The company must also submit an annual report. Companies may retain 100% of withholding tax that would otherwise be paid into the State or receive tax credits based on the percentage of new payroll or a combination of both for the new or retained jobs approved. The credits can be applied against income tax, bank tax, insurance premium tax, or other financial institutions tax. There are no provisions for recapture and no other commitments are made as part of the agreement. Missouri Quality Jobs reduced State taxes by \$62,528,000 during fiscal year 2017.

The Missouri Works - Business Incentives is authorized by Sections 620.2000-620.2020, RSMo and provides tax incentives for qualified companies to create or retain jobs in the State. To qualify for the credit, a company must create or retain a minimum number of new jobs at the project facility with average wages of 80%, 90%, 120%, or 140% of the county average wage, must offer health insurance and pay at least 50% of the premium, must meet the required number of jobs within 2 years of the Approval of the Notice of Intent, must maintain those minimums for the duration of the benefit, and must submit an annual report. Companies may retain 100% of withholding tax that would otherwise be paid into the State or receive tax credits based on the percentage of new payroll or a combination of both for the new or retained jobs approved. The credits can be applied against income tax, bank tax, insurance premium tax, or other financial institutions tax. Taxes may be recaptured due to misrepresentation, out-of-state relocation, or failure to file an annual report. The agreement requires 100% of the benefits received to be repaid within 60 days for misrepresentation or out-of state location or one year for failure to file an annual report. There are no other commitments are made as part of the agreement. Missouri Works - Business Incentives reduced State taxes by \$35,066,000 during fiscal year 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 20 - Tax Abatements (cont.)

Missouri Works New Jobs Training and Job Retention Training are authorized by Sections 620.800-620.809, RSMo. New Jobs Training provides assistance to eligible companies to train workers in newly created jobs. To qualify, the company must create new jobs in the State; the project must include eligible training costs, as well as other eligibility criteria such as types of occupations, wage rates, and turnover rates. Job Retention Training provides training assistance to eligible companies for job retention efforts. To qualify, a project must be for an existing Missouri company making a capital investment of at least 5 times the total project costs, retaining at least 100 eligible jobs at the facility for at least one year, located in a border community, or be determined to represent substantial risk of relocation. Eligible companies for both programs include manufacturing, research and development, or those engaged in interstate commerce. The company must retain the eligible jobs in the project for at least 5 years and use the funding only toward eligible project costs. These programs are administered locally through community colleges. While the recipient's taxes are not actually reduced, a portion of normal withholding payments (paid to the Department of Revenue) are deferred to pay for eligible project costs. The amount that can be deferred is 2.5% of the payroll for the first 100 jobs in the project and 1.5% of the payroll for the remaining jobs in the project. The company may file withholding claims for the project until the budgeted project funds are disbursed; typically for a period of 3-5 years, with maximum limit of 8 years. There are no other commitments under these programs. Recapture provisions apply in accordance with Section 620.017, RSMo in which the recipient shall repay training funds under these programs if the jobs included in the project are moved out of Missouri or are eliminated within five years of the date the project is approved by DED. The Director of the Division of Workforce Development within DED shall have the authority and discretion to exempt the recipient in whole or in part of such repayment. Missouri Works New Jobs Training and Job Retention Training reduced state taxes by \$4,380,000 and \$6,029,000, respectively, during fiscal year 2017.

The Missouri Manufacturing Jobs Act is authorized by Section 620.1910, RSMo and provides incentives in the form of retaining withholding taxes to expand manufacturing facilities for an existing product or the creation of a new product. This program sunset in 2016 and no new applications are being accepted. To qualify, manufacturing companies must have a North American Industry Classification System (NAICS) of 33611, which is an establishments primarily engaged in (1) manufacturing complete automobile and light duty motor vehicles or (2) manufacturing automobile and light duty motor vehicle chassis. The company must manufacture goods at a facility in the State throughout the period benefits are received, and make a capital investment at a facility of at least \$75,000 per retained job for the manufacture of a new product within 2 years of beginning to retain withholding taxes or commit to make a capital investment of at least \$50,000 per retained job at the facility for the modification or expansion of the manufacture of an existing product within 2 years of beginning to retain withholding taxes. Qualified suppliers of an eligible manufacturer must attest to DED that they derive more than 10% of its total annual sales revenue from sales to a qualified manufacturing company, add 5 or more new jobs for a period of 3 years, pay wages for the new jobs equal to or exceeding the county average wage using the NAICS industry classification, but are not less than 60% of the statewide average wage, and the company must offer health insurance and pay at least 50% of the premium. If qualified, the company is allowed to retain 100% of the withholding tax that would otherwise have been paid in to the State for those jobs for 10 years for qualified manufacturers or 3 to 5 years for qualified suppliers. There are no provisions for recapture and no other commitments are made as part of the agreement. The Missouri Manufacturing Jobs Act reduced State taxes by \$15,351,000 during fiscal year 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 20 - Tax Abatements (cont.)

Business Use Incentives for Large-Scale Development (BUILD) is authorized by Sections 100.700-100.850, RSMo. The incentives offered by the BUILD Missouri Program are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive. The costs are financed through the issuance of Board of Certificates (bonds or notes), where the principal and interest will be repaid by the business. Businesses are then reimbursed for these repayments through the issuance by the Board of Missouri State income tax credits. The businesses may use these credits against taxes, which would otherwise be due, or to obtain a refund if the business has insufficient Missouri income tax liability to offset the credit. A business can apply these credits against income tax, bank tax, insurance premium tax, or other financial institutions tax. To qualify, an eligible industry in manufacturing, processing, assembly, research and development, agricultural processing or services in interstate commerce must invest a minimum of \$15 million; or \$10 million for an office industry in an economic development project; and create a minimum of 100 new jobs at the project facility within 3 years, or a minimum of 500 jobs if the project is an office industry, or a minimum of 200 new jobs if the project is an office industry located within a distressed community as defined in Section 135.530, RSMo. The tax credits become subject to recapture if the company does not expend the minimum investment on or before the first test date established in the program agreement, or create and maintain the minimum number of new jobs on or before the first test date. The first test date is the last day of the closest calendar quarter ending 3 years following bond closing. The tax credits are also subject to recapture if the company eliminates or announces its intention to eliminate all the new jobs at the project within 2 years of the first test date. If subject to recapture, the company shall, within 30 days following written demand from the Board, reimburse the Board in full for the face amount of the tax credits received from the date of execution of the program agreement to the date of such demand. There are no other commitments made as part of the agreement. The BUILD program reduced State taxes by \$10,433,000 during fiscal year 2017.

The Enhanced Enterprise Zone is authorized by Sections 135.950-135.973, RSMo and provides tax credits to new or expanding businesses in enhanced enterprise zones. To qualify, a company must create or maintain at least 2 new jobs and make at least \$100,000 in eligible investments. In addition, a Notice of Intent must be approved by DED, and the business must submit an annual report. Eligibility for the credit is determined by the zone based on creation of sustainable jobs in a targeted industry or demonstrated impact on local industry cluster development. Taxes are reduced by claiming a tax credit against the Missouri income tax liability owed to the State. The tax credits are calculated at 2% of new payroll and .5% of new investment. There are no provisions for recapture and no other commitments are made as part of the agreement. The Enhanced Enterprise Zone reduced State taxes by \$6,254,000 during fiscal year 2017.

The Business Facility Tax Credit is authorized by Sections 135.100-135.150 and Section 135.258, RSMo and provides to facilitate the expansion of new or existing facilities in Missouri. To qualify, a Notice of Intent must be approved by DED; the facility must create at least 2 new jobs and make \$100,000 in eligible investments or pursuant to HB 191 (2009), for “headquarters” that commence operations and “headquarters” of certain “employee-owned” businesses that commence or expand operations must create 25 new jobs and make \$1,000,000 in new investment. The company must submit an annual report to DED. Taxes are reduced by claiming a tax credit against the Missouri tax liability owed to the State. The tax credits are calculated as \$75 to \$150 per new job and \$75-\$150 for each \$100,000 in new investment for up to 10 years. The tax credits for headquarters are calculated as the greater of \$400/new job + 4% of new investment or \$500 per new job + \$500 per each \$100,000 in new investment for up to 10 years. The credit may be applied against income tax, insurance premium tax, or insurance company retaliatory tax. This Program has sunset as of January 1, 2005 except that headquarters that commence or expand operations on or before December 31, 2019 may be eligible for the program. There are no provisions for recapture and no other commitments are made as part of the agreement. The Business Facility Tax Credit reduced State taxes by \$4,047,000 during fiscal year 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 20 - Tax Abatements (cont.)

The Film Production Tax Credit is authorized by Section 135.750, RSMo and provides a tax credit for in-state expenditures on film production projects. This program has sunset and no new applications are being accepted. Upon application, tax credits are reserved so long as the film is under 30 minutes in length, has an in-state budget in excess of \$50,000, or is over 30 minutes in length and has an in-state budget in excess of \$100,000 and has been approved by DED and the Missouri Film Office. The tax credit is issued for qualifying expenditures on the project which must be submitted to DED. Taxes are reduced by claiming a tax credit against tax liability owed to the State. The tax credit is calculated at 35% of the qualifying expenditures and may be applied against income tax, bank tax, insurance premium tax, or other financial institutions tax. There are no provisions for recapture and no other commitments are made as part of the agreement. The Film Production Tax Credit reduced State taxes by \$2,376,000 during fiscal year 2017.

The Amateur Sports Ticket Sales Tax Credit is authorized by Section 67.3000, RSMo and provides an incentive to encourage the location of competitively bid amateur sporting events in Missouri. Upon application, applicants must submit predictions on the anticipated economic benefit to the State. Applicants will be evaluated based upon anticipated and verified economic performance. The program is available to one or more certified sponsors, endorsing counties, endorsing municipalities, or a local organizing committee, acting individually or collectively. The program provides tax credits equal to the lesser of: \$5 per admission ticket sold to the event; or 100% of eligible costs incurred by the applicant. The recipient is able to reduce their outstanding tax liability in an amount equal to the value of the tax credit and may be taken against income tax, bank tax, insurance premium tax, and other financial institutions tax. There are no provisions for recapture and no other commitments are made as part of the agreement. The Amateur Sports Ticket Sales Tax Credit reduced state taxes by \$1,317,000 during fiscal year 2017.

The Rebuilding Communities Tax Credit is authorized by Section 135.535, RSMo and provides a tax credit for eligible businesses locating, relocating, or expanding within a distressed community. This program has been replaced by Missouri Works, except for current projects. To qualify, a business must have fewer than 100 full-time employees, 75% of which must be located in the distressed community; be primarily engaged in manufacturing, biomedical, medical devices, scientific research, animal research, computer software design, computer software development or computer programming, which includes Internet, web hosting, and other information technology, wireless, wired or other telecommunications, or a professional firm. The business must submit an annual tax credit application documenting eligible expenditures on the project to DED. Once approved, the tax credit is calculated at 40% or 25% of the qualifying expenditures and may be applied against income tax, corporate franchise tax, bank tax, insurance premium tax, or other financial institutions tax. There are no provisions for recapture and no other commitments are made as part of the agreement. The Rebuilding Communities Tax Credit reduced State taxes by \$476,000 during FY17.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 20 - Tax Abatements (cont.)

The Development Tax Credit is authorized by Sections 32.100-32.125, RSMo and provides incentives to facilitate a business project in order to create new jobs. This program has been replaced by Missouri Works, except for current projects. Tax credits are issued to approved taxpayers that make an eligible donation to a non-profit corporation. The non-profit leases assets to an approved company. The company must create a specified number of jobs within 2 years and be in a distressed or blighted area. In many instances, the taxpayer that makes the donation is also the company that is creating the economic impact. The donor that makes the contribution must submit a tax credit application to DED. Once approved, taxes are reduced by claiming a tax credit against Missouri tax liability owed to the State. The tax credit is calculated at 50% of the eligible donation and may be applied against income tax, corporate franchise tax, bank tax, insurance premium tax, other financial institutions tax, or express company tax. No other commitments are made as part of the agreement. DED may recapture tax credits up to the amount issued if the non-profit fails to complete the project or comply with the agreement. The non-profits only and not the donors are subject to the recapture. The Development Tax Credit reduced State taxes by \$346,000 during fiscal year 2017.

Chapter 100 Personal Property Tax Exemption is authorized by Section 144.054 (2), RSMo and provides a state and local sales tax exemption on tangible personal property leased by a company from the City or County. To qualify, cities and counties may apply to DED on behalf of eligible companies for which Chapter 100 bond proceeds are used to purchase tangible personal property which is leased back to the company. DED may apply discretionary benefit exemption if the benefit contained in a formal DED proposal is accepted by the company. Since DED cannot enact the sales tax exemption on the lease without the underlying Municipality Chapter 100 in place, any inclusion in a formal DED proposal will be coordinated with the Municipality and their economic developer. The proposal must have been accepted by the company prior to any project announcements, no approval or issuance of the bonds may have taken place, and the tangible personal property may not have been purchased prior to the acceptance of the proposal. The project must also be competitive, have comprehensive local incentive participation, have above average wages with benefits, be located in an economically distressed or blighted area, have a positive state fiscal impact, and have an indication that the municipality has offered the local Chapter 100 exemptions. The company receives the exemption on sales tax as the facility, construction materials, and certain tangible personal property may be purchased as exempt by the City or County and then leased back to the company. The company will be responsible for the payment of sales tax on purchases exceeding the maximum accepted in the proposal, ineligible purchases, or the revenue stream generated by lease of ineligible personal property. There are no provisions for recapture and no other commitments are made as part of the agreement. For fiscal year 2017, DED has provided certificates for the exemption of state sales tax related to lease payments of tangible personal property under a Chapter 100 structure for 8 separate projects. The sales tax is applicable to the lease payments made over a period not to exceed 20 years by statute and restricted further by local ordinance. The sales tax exemptions are only applicable if tangible personal property purchases are made within established project time periods, as listed on the certificate. The fiscal year 2017 project certificates total a cumulative amount of State sales tax not to exceed \$1,819,000 over the terms of the respective leases.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 20 - Tax Abatements (cont.)

Data Center Sales Tax exemption is authorized by Section 144.810, RSMo and incentivizes the location and expansion of data centers in the State by providing an exemption of the sales and use taxes associated with a variety of activities necessary to build a new facility or expand an existing facility. To qualify, companies must create 5 new jobs and \$5 million in investment for expanding facilities or create 10 new jobs and \$25 million in investment for new facilities within certain time frames. A company is refunded their sales and use taxes for new purchases related to the data center project for the period prior to meeting the threshold for participation and then be exempt for a period of no more than 10 years for expanding facilities or 15 years for a new facility. Taxes may be subject to recapture if the full investment projected is not met or if the jobs created are not maintained, causing the cost/benefit to the State to be negative, or if the company does not meet the minimum thresholds. Taxes will be recaptured up to the amount that creates a positive cost/benefit to the State, or if the company does not meet the minimum thresholds, the full exemptions to date must be repaid. No other commitments are made as part of the agreement. Data Center Sales Tax Exemption amounts are not tracked.

Redevelopment

The Historic Preservation Tax Credit is authorized by Sections 253.545-253.561, RSMo and provides an incentive for the redevelopment of commercial and residential historic structures in the State. Upon application, the eligible property must be listed on the National Register of Historic Places, be certified by the Missouri Department of Natural Resources as contributing to the historical significance of a certified historic district listed on the National Register, or located within a local historic district that has been certified by the U.S. Department of Interior. The costs and expenses associated with the rehabilitation must exceed 50% of the total basis of the property. All approved applicants must commence rehabilitation within 2 years of the date of issuance of the letter of approval from DED. The program provides state tax credits equal to 25% of eligible costs and expenses of the rehabilitation of approved historic structures, which the recipient is able to use to reduce their outstanding tax liability in an amount equal to the value of their tax credit. The credit may be applied against income tax, bank tax, insurance premium tax, or other financial institutions tax. There are no provisions for recapture and no other commitments are made as part of the agreement. The Historic Preservation Tax Credit reduced State taxes by \$49,743,000 during fiscal year 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 20 - Tax Abatements (cont.)

Brownfield Remediation is authorized by Sections 447.700-447.718, RSMo and provides incentives to business or developers to redevelop property contaminated with hazardous waste. To qualify, the property must be abandoned or underutilized for at least 3 years, and contaminated with hazardous substance, the applicant cannot be a responsible party, the project must be accepted into Department of Natural Resource's Voluntary Cleanup Program, the project must be endorsed by city or county government, must create at least 10 new jobs or retain 25 jobs, the project must create a positive net state economic benefit, and must demonstrate need for the credits. The recipient is able to reduce their outstanding tax liability in an amount equal to the value of the tax credit. The tax credits may be issued for up to 100% of eligible costs and expenses for remediating the project property. The tax credit may also include up to 100% of the costs of demolition that are not directly part of the remediation activities. The amount of the credit available for demolition not associated with remediation cannot exceed the total amount of credits approved for remediation including demolition required for remediation. DED will issue 75% of the credits upon adequate proof of payment of the costs; the remaining 25% will not be issued until a clean letter has been issued by Department of Natural Resources (DNR). The tax credits may be applied against income tax, corporate franchise tax, bank tax, insurance premium tax, or other financial institutions tax. The tax credits may be subject to recapture in the event the owner sells the abandoned or underutilized property within a 5 year period after the receipt of remediation tax credits, grants, loans or loan guarantee. Subject to Sections 447.700-447.718 RSMo, the owner shall repay a portion of the tax credits and grant funds provided based on the percentage of the owner's investment for the project to DED's total financial assistance, upon achieving an annual internal rate of return of 25%. The internal rate of return calculation shall be documented by the owner's capital gains tax calculation. Owner investment is equity and debt for the eligible project. At the end of the project, a purchaser who has performed voluntary remediation action certifies to DNR that the goals of the purchaser's voluntary remediation plan have been attained. DNR verifies the remediation plan goals are achieved and issues a certificate that states that the site has been cleaned up to DNR standards pertaining to the property itself and therefore protects both current and future owners of the property. Brownfield Remediation reduced State taxes by \$2,385,000 during fiscal year 2017.

Distressed Areas Land Assemblage is authorized by Section 99.1205, RSMo and provides incentives to redevelop blighted areas. This program has sunset and no new applications are being accepted. To qualify, the area must be at least 75 acres; at least 80% of the area must be within a Distressed Area or a federal Qualified Census Tract; the redeveloper must acquire at least 50 acres of the area; the average parcels per acre must be 4 or more; and less than 5% of the acreage for acquisition by the redeveloper under the redevelopment plan shall consist of owner-occupied residences. The recipient is able to reduce their outstanding tax liability in an amount equal to the value of the tax credit. The tax credits are provided to the redeveloper based on 50% of the acquisition costs, including maintenance costs, and 100% of the interest costs incurred for a period of 5 years after the acquisition of an eligible parcel. The credits may be applied against income tax, bank tax, insurance premium tax, or other financial institutions tax. Any funds generated through the use or sale of the tax credits issued shall be used to redevelop the eligible project area. There are no provisions for recapture and no other commitments are made as part of the agreement. Distressed Areas Land Assemblage reduced State taxes by \$397,000 during fiscal year 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 21 - Commitments

Contracts

The Department of Conservation had contracts outstanding of \$1,416,000 for construction and \$435,000 for land acquisition contracts at June 30, 2017. These contracts are funded through the special revenue funds from specific sales tax, fees, and permits.

The Department of Natural Resources had construction contracts outstanding at June 30, 2017 of \$33,000. This project is funded through a capital projects fund.

The Department of Transportation had long-term contracts of \$643,138,000 outstanding at June 30, 2017. These contracts are paid from capital projects funds with approximately 84% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2017 of \$145,191,000. Approximately 10.9% will be paid from the General Fund, 4.0% from special revenue funds, 84.3% from the capital projects funds, 0.7% from enterprise funds, and 0.10% will be paid from internal service funds.

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to \$10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provided a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2017 was \$364,000. Payment of principal and interest must be completed by March 2038.

As of June 30, 2017, the University of Missouri had outstanding commitments for the usage and ongoing support of the University Health System's information technology environment totaling \$194,434,000. The payments are as follows:

2018	\$	21,564,000
2019		22,296,000
2020		23,052,000
2021		23,834,000
2022		24,642,000
2023-2025		79,046,000

Truman State University had approximately \$4,213,000 in outstanding commitments for various construction contracts at June 30, 2017.

Southeast Missouri State University had outstanding commitments of approximately \$28,950,000 related to construction contracts at June 30, 2017.

Missouri State University had approximately \$41,737,000 in outstanding commitments for various construction contracts at June 30, 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 21 - Commitments (cont.)

University of Central Missouri had approximately \$4,217,000 in outstanding commitments related to construction contracts at June 30, 2017.

Northwest Missouri State University had approximately \$15,885,000 in outstanding commitments related to various construction contracts at June 30, 2017.

Note 22 - Risk Management and Insurance

The State is exposed to various risks of loss related to tort, general, motor vehicle, and contractor liability and injuries to employees. The State assumes its own liability for risks except for the purchase of surety bond, aircraft, and boiler coverage. The State's Office of Administration (OA), Risk Management Unit, self-insures its workers' compensation program for all state employees, with the exception of the Missouri Department of Transportation (MoDOT) and the State Highway Patrol. Liability insurance is also provided by OA-Risk Management, pursuant to State statute, through the State's Legal Expense Fund, which is a component of the General Fund in this report. This insurance covers all state employees.

The Workers' Compensation and Legal Expense Fund claims liability is based upon actual claims that have been submitted to OA-Risk Management. Incurred but not reported (IBNR) liability is not included since workers' compensation and liability insurance claims are reported timely, and therefore any potential IBNR liability amount would be considered immaterial. The State has not had any insurance settlements exceed the coverage. OA-Risk Management also procures property insurance for approximately 3% of all State buildings, with the remainder uninsured. The buildings are insured through purchased property insurance and through the Property Preservation Fund. Buildings insured through the Property Preservation Fund are backed with bonded debt through the Board of Public Buildings.

The Transportation Self-Insurance Plan covers workers' compensation for employees of MoDOT and the State Highway Patrol, and covers vehicle liability and general liability insurance for the employees of MoDOT. The Transportation Self-Insurance Plan is presented as an internal service fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims from data provided by an actuary. Liabilities are reported at their discounted value, assuming an investment yield of 2%.

The Missouri Consolidated Health Care Plan (MCHCP) provides health care insurance to all state employees, except for MoDOT, the State Highway Patrol, and the Department of Conservation. The Plan is presented as an internal service fund. Estimated claims payable is based on known medical claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The MoDOT and MSHP Medical and Life Insurance Plan (MHPML) accounts for the medical coverage provided on a self-insured basis and life insurance benefits, underwritten by a commercial insurance company, for employees of MoDOT and the State Highway Patrol. The Plan is presented as an internal service fund. Estimated claims payable is based on known insurance claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The Conservation Employees' Insurance Plan (CEIP) provides health care and life insurance to employees of the Department of Conservation. The Plan is presented as an internal service fund. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 22 - Risk Management and Insurance (cont.)

The Petroleum Storage Tank Insurance Fund (PSTIF) has claims liability for the cost of contamination cleanup for policyholders and other eligible site owners who have submitted notice of a contamination. The PSTIF is presented as a major enterprise fund.

The University of Missouri System provides workers' compensation, liability, and medical insurance for its employees. The University funds this through a combination of self-insurance and commercially purchased insurance. The amount of coverage is based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The claims liability is the present value of the claims, using discounted rates ranging between 0.5% and 3.0% based on future investment yields. The University of Missouri System is included with college and universities as a major component unit of the State.

Missouri State University is exposed to various risks of loss. These include loss related to torts; business interruption; employee injuries and illnesses; employee health, dental and accidental benefits; natural disasters; damage to and destruction of assets; and errors and omissions. Commercial insurance coverage is purchased for claims arising from such matters other than those related to natural disasters and employee health benefits, general liability, and workers' compensation. Settled claims have not exceeded the commercial coverage in any of the three preceding years. Additional coverage is provided through the State Self-Insurance Program, through the Risk Management Unit of the Office of Administration. The State of Missouri self-insures the workers' compensation benefits for all state employees, including University employees.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 22 - Risk Management and Insurance (cont.)

Changes in the balances of claims liability (in thousands of dollars) during the current and prior fiscal years are as follows:

	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2016	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2017
<u>Governmental Activities</u>					
OA Workers Compensation Fund	Workers Comp. Liability	\$ 35,633	\$ 25,175	\$ (31,041)	\$ 29,767
OA Legal Expense Fund		2,250	16,102	(10,130)	8,222
Transportation Self-Insurance Plan	Workers Comp. and Liability	90,646	8,307	(16,377)	82,576
MCHCP	Health Care	41,395	267,726	(266,900)	42,221
MHPML	Health Care	9,800	128,322	(125,822)	12,300
CEIP	Health Care	2,706	17,823	(17,937)	2,592
Total Governmental Activities		<u>\$ 182,430</u>	<u>\$ 463,455</u>	<u>\$ (468,207)</u>	<u>\$ 177,678</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 83,235</u>	<u>\$ 13,565</u>	<u>\$ (14,932)</u>	<u>\$ 81,868</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	\$ 85,887	\$ 218,074	\$ (214,879)	\$ 89,082
Missouri State University	Health Care, Workers Comp. and Liability	2,680	18,736	(19,609)	1,807
Total Component Units		<u>\$ 88,567</u>	<u>\$ 236,810</u>	<u>\$ (234,488)</u>	<u>\$ 90,889</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 22 - Risk Management and Insurance (cont.)

	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2015	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2016
<u>Governmental Activities</u>					
OA Workers Compensation Fund	Workers Comp.	\$ 24,554	\$ 41,159	\$ (30,080)	\$ 35,633
OA Legal Expense Fund	Liability	3,353	1,492	(2,595)	2,250
Transportation Self-Insurance Plan	Workers Comp. and Liability	84,253	20,592	(14,199)	90,646
MCHCP	Health Care	33,378	269,660	(261,643)	41,395
MHPML	Health Care	11,000	116,525	(117,725)	9,800
CEIP	Health Care	2,460	17,514	(17,268)	2,706
Total Governmental Activities		<u>\$ 158,998</u>	<u>\$ 466,942</u>	<u>\$ (443,510)</u>	<u>\$ 182,430</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 88,554</u>	<u>\$ 8,339</u>	<u>\$ (13,658)</u>	<u>\$ 83,235</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	\$ 87,746	\$ 247,331	\$ (249,190)	\$ 85,887
Missouri State University	Health Care, Workers Comp. and Liability	1,290	19,832	(18,442)	2,680
Total Component Units		<u>\$ 89,036</u>	<u>\$ 267,163</u>	<u>\$ (267,632)</u>	<u>\$ 88,567</u>

Risk Management Pool:

The State of Missouri participates in the property program of the Midwestern Higher Education Compact (MHEC) as defined in Section 173.700, RSMo. This program was formed to expand coverage, reduce costs, and stabilize property insurance rates over extended time periods at higher education institutions in all member states. The program offers loss limit coverage tailored to individual institutions as well as self-insured retention by institution. The MHEC Risk Management Oversight Committee directs the major operations of the program overseeing the development of program policies, premium allocations, new program memberships, and selection of program administrators and insurance underwriters.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 23 - Pollution Remediation and Landfill Closure and Postclosure

The State has an obligation to address current or potential detrimental effects of existing pollution by participating in pollution remediation activities.

The Missouri Department of Natural Resources (DNR) was compelled to assess and oversee the cleanup of contaminated sites subject to federal law under the Resource Conservation and Recovery Act (RCRA), also known as the Superfund Law, administered by the U.S. Environmental Protection Agency (EPA). Under this law, the State is required to pay or ensure payment of 10% of the costs of remediation action and 100% of the costs of operations and maintenance at sites where the party responsible for the contamination is unknown, uncooperative, or insolvent. Similarly, Section 260.371.7, RSMo, states that the public should bear a portion of the cost to pay for the State's share of Superfund cleanup to be appropriated from general revenue. At the end of fiscal year 2017, the State was participating in the cleanup of sixteen Superfund sites. Total pollution remediation obligation for these sites totaled approximately \$47.4 million. The basis for these costs are State Superfund contracts that list the estimated cost of cleanup, or actual costs if cleanup is complete, less any payments that have been made to the EPA. Estimated costs will change as actual costs become available. The Hazardous Waste Fund is a component of Conservation and Environmental Protection.

The Office of Administration (OA), Division of Facilities Management, Design and Construction, performed mold remediation, hazardous material removal, and abatement in five State sites during fiscal year 2017. There is no remaining obligation as of June 30, 2017. These costs were based on contractual pricing estimates and are subject to change if the pollution remediation requires more time or material than was estimated.

The Missouri Department of Transportation (MoDOT) is aware of a contaminated site (related to building and grounds) due to a fuel leak. The potential for pollution remediation exists; however, at this time, MoDOT's portion of the costs for the cleanup cannot be determined.

The Department of Public Safety, Office of the Adjutant General, has been named as a potentially responsible party in the Pools Prairie Superfund site in Newton County, Missouri. The site is listed on the National Priorities List (NPL) and is governed by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). At this time, the Department of Public Safety's portion of the costs for the cleanup cannot be determined.

Changes in the balances of pollution remediation liability (in thousands of dollars) during the current fiscal year are as follows:

Governmental Activities	Type of Pollution Remediation	Fiscal Year Remediation Liability 6/30/2016	Current Year Assessments and Estimated Changes	Payments	Fiscal Year Remediation Liability 6/30/2017	Due Within One Year
Hazardous Waste Fund	Superfund Sites	\$ 49,229	\$ 1,090	\$ (2,888)	\$ 47,431	\$ 5,594
Facilities Maintenance Reserve Fund	Mold Remediation, Asbestos Abatement & Radon Mitigation	496	63	(559)	—	—
Total Governmental Activities		<u>\$ 49,725</u>	<u>\$ 1,153</u>	<u>\$ (3,447)</u>	<u>\$ 47,431</u>	<u>\$ 5,594</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 23 - Pollution Remediation and Landfill Closure and Postclosure (cont.)

Each landfill owner/operator is required to obtain a financial assurance instrument, which is held by the State as security in the case of a default or forfeiture. Financial assurance instruments can include financial guarantee or performance bonds, letters of credit, insurance policies, corporate guarantees, contracts of obligations, trust funds, and escrow accounts. At June 30, 2017, the DNR, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$311,332,000. This amount is disclosed, but not reported in the financial statements, because the State does not perform the investment function and does not have significant administrative involvement. While the State maintains possession of the financial assurance instruments, it does not meet criteria to be reported in a fiduciary fund.

At June 30, 2017, eleven Municipal Solid Waste Landfills (MSWLFs) and two waste tire facilities have defaulted. The owners/operators failed to properly close or maintain post-closure care for these facilities; therefore, the State took possession of the forfeited financial assurance instruments to initiate the closure or post-closure activities as required by Section 260.228, RSMo. The State will monitor and pay post-closure care costs of these facilities for the next 30 years in accordance with the DNR Solid Waste Management Law and Regulations. At June 30, 2017, it is expected that \$1,526,000 will be paid over the remaining monitoring periods. This is the amount of the assigned fund balance that has been designated on the General Fund balance sheet for forfeited assets.

The University of Missouri System has been working with the Voluntary Cleanup Program at DNR to characterize subsurface contamination on a University owned property. The University has received the results of the two-year sampling process in fiscal year 2016. The University is awaiting a determination from DNR. The site is now on the National Regulatory Commission (NRC) license and must be decommissioned. Upon further review of the documents, the University determined that it does not believe that the documents support the decision to add to the site to the NRC license. The University made a formal request to remove the site from the NRC license and is currently waiting on a response from NRC. As a result, the University is unable to estimate future costs on cleanup of the site at this time. The University has not commenced any actions requiring the recognition of a liability for this property.

Note 24 - Contingencies

Contingent claims liabilities are reported when it is probable a loss has occurred and the amount can be reasonably estimated. These losses include estimates of claims which have been incurred but not reported, including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities of governmental funds are reported as a reconciling item to the Government-Wide Statement of Net Position. Expenditures are recognized as payments are made.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 24 - Contingencies (cont.)

As at June 30, 2017, amount of contingent liabilities was \$71.2 million. Changes in reported liability since June 30, 2016, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2016-2017	\$ 39,040	\$ 69,802	\$ (37,692)	\$ 71,150
2015-2016	19,921	37,812	(18,693)	39,040
2014-2015	19,756	12,106	(11,941)	19,921

Section 287.220.8, RSMo, requires an actuarial study of the Second Injury Fund be made every year to determine solvency of the fund. Figures presented below for current year claims and changes in estimates are based on 2016 actuarial study. As at June 30, 2017, the amount of liabilities for Second Injury Fund was \$1.8 billion. Changes in reported liability since June 30, 2016, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2016-2017	\$ 1,732,685	\$ 206,662	\$ (99,161)	\$ 1,840,186
2015-2016	1,684,732	151,464	(103,511)	1,732,685
2014-2015	1,653,182	120,377	(88,827)	1,684,732

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements by the grantor agency for expenditures disallowed under grant agreements. The State believes such disallowances, if any, would be immaterial in the next fiscal year.

Sales and Use Tax Lawsuits:

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859 and follow up Case No. SC86441): the Supreme Court ruled that Southwestern Bell Telephone Company was entitled to a refund of use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. A settlement was reached regarding some claims, filed by multiple taxpayers, related to the Southwestern Bell cases. No current liability remains as at June 30, 2017. Refund claims related to similar cases filed by other companies are still pending verification. Exclusive of interest, which could be substantial, the negative financial impact on the State is estimated at \$11.3 million, of which \$5.9 million is related to the General Fund.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 24 - Contingencies (cont.)

The State is also involved in tax litigation not included in the fiscal year 2017 liability amount. It is reasonably possible an adverse court decision may result in an estimated loss of \$2.0 million.

The Attorney General, on behalf of other state agencies, is involved in litigation for tort claims including wrongful death, motor vehicle accidents, medical malpractice, assault and battery, and deliberate indifference, as well as employment discrimination claims not included in the 2017 liability amount. It is reasonably possible an adverse court decision may incur an estimated loss of \$2.6 million.

Tobacco Master Settlement Agreement:

The amount of money received by the State from participating tobacco manufacturers under the 1998 Tobacco Master Settlement Agreement (MSA) is subject to downward adjustments if the State fails to diligently enforce model legislation required by the MSA. In 2006, tobacco manufacturers instituted binding arbitration to determine which states diligently enforced the model legislation for 2003. In September, 2013, the arbitration panel ruled Missouri and five other states failed to diligently enforce MSA statutes in 2003. Under the ruling, Missouri's share of the downward adjustment was \$70 million. Missouri typically receives between \$130 and \$150 million in MSA settlement funds annually. This arbitration award reduced fiscal year 2014 receipts to approximately \$60 million.

The State appealed the arbitration panel's decision. In February 2017, the Missouri Supreme Court ruled that the arbitration panel had exceeded its authority in computing the amount of Missouri's liability. The court ordered the independent auditor for the MSA to recalculate the credit Missouri owed to the tobacco manufacturers to \$20 million, which resulted in an additional \$50 million payment to the State. The tobacco manufacturers paid Missouri the improperly withheld \$50 million, plus interest, in April 2017.

The tobacco manufacturers also contest Missouri's enforcement of the model legislation for 2004 and subsequent years, each of which is subject to binding arbitration similar to the 2003 proceeding. Arbitration regarding diligent enforcement for 2004 is ongoing and is unlikely to conclude before October 2018. If the panel finds that Missouri was not diligent in 2004, the State will again face a downward adjustment on their next annual payment.

The ultimate resolution of the next several arbitration proceedings between the tobacco manufacturers and Missouri cannot be predicted. Neither the precise timing nor the ultimate resolution of the tobacco manufacturers adjustment disputes for 2004 and beyond, or their financial impact on the State, can be predicted with any degree of certainty.

Natural Resource Settlements:

The Department of Natural Resources works jointly with the United States Fish and Wildlife Service and the United States Forest Service to recover damages from parties responsible for causing injuries to natural resources. Funds from these settlements are typically held in the federal treasury in a joint account administered by the United States Department of Interior. Expenditures of these funds may only be by mutual agreement of the Missouri Trustee Council (the Department of Natural Resources, the United States Fish and Wildlife Service and, at times, the United States Forest Service) and such funds may only be used to restore, replace, or acquire natural resources similar to those that were injured. As of June 30, 2017, the balance of Missouri-related joint settlement funds in the Department of Interior restoration fund is approximately \$48 million.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 24 - Contingencies (cont.)

Department of Health and Senior Services

The Nurse Student Loan Program provides forgivable student loans to eligible Missouri undergraduate, graduate, post-graduate, and doctoral nursing students in exchange for service in underserved communities and facilities in the state. Current annual award levels, based on statute, are a one-time amount of \$2,500 for LPN students and \$5,000 for professional nursing students. Loans are repaid either through service in an underserved area, or via cash repayment at 9.5% simple interest. For repayment via service, participants provide one year of professional service for each school year a loan is received, up to a maximum of 5 years. The number of loans awarded per year varies based upon available funding, number of previous students anticipating continued funding, and number of eligible new applicants.

The Health Professional Student Loan Program is a competitive state program that awards forgivable loans to students pursuing health care training leading to Missouri licensure. Eligible disciplines are primary care physicians, primary care dentists, and dental hygienists. The amount of funding provided depends upon the student's chosen discipline and educational status. Repayment of loans can be completed either through obtaining employment to earn forgiveness or through cash repayment at 9.5% simple interest. Forgiveness is based upon the number of loans received and is earned at a rate of one year of professional service for each loan received, up to a maximum of 5 years. Qualifying employment is considered as full-time, direct patient care at a facility located in an area of need also referred to as a Health Professional Shortage Area.

The purpose of the Missouri Health Professional State Loan Repayment Program (SLRP) is to improve access to primary care by assisting rural and underserved communities with recruitment and retention of primary care providers. SLRP offers eligible healthcare providers an opportunity to receive up to \$50,000 in financial assistance towards the repayment of their qualifying educational loans in exchange for a minimum two-year commitment to provide healthcare services at an ambulatory public, nonprofit or private nonprofit primary care practice site located in a federally designated Health Professional Shortage Area (HPSA).

The Missouri Nurse Loan Repayment Program (NLRP) offers Registered Nurses (RNs) and Advanced Practice Registered Nurses (APRNs) an opportunity to receive financial assistance towards the repayment of their qualifying educational loans in exchange for a minimum two-year commitment to provide healthcare services in an area of defined need in the State of Missouri.

For all types of loan programs, in the event of a default, i.e. the loanee does not complete the service agreement, the loan status changes to repayment. In the event the loanee does not repay according to the terms of their agreement, the Department of Health and Senior Services will work with the Attorney General's Office to try to collect the outstanding receivables. The current total amount of loans outstanding is \$7.7 million; the total amount in repayment is \$2.8 million. There is no correlation between who will or will not repay their debt once a default has occurred since it is subject to each individual case and the legal remedies pursued. Therefore the amount of loss cannot be reasonably estimated.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 25 - Nonexchange Financial Guarantees

The following nonexchange financial guarantees are extended by the Missouri Agricultural and Small Business Development Authority (MASBDA) and the Missouri Department of Agriculture (MDA). The exchange financial guarantees are not recognized as a liability, which indicates that the State will most likely not be required to make a payment related to the nonexchange financial guarantees. As of June 30, 2017, the State extends the following financial guarantees:

Programs	Maximum Guarantee Period	Total Number of Loans Outstanding	Total Dollar Amount of Loans Outstanding (in thousands)	Total Dollar Amount Guaranteed by the State (in thousands)
Missouri Value-Added Loan Guarantee Program	10 Years	14	\$ 786	\$ 393
Single-Purpose Animal Facilities Loan Guarantee Program	10 Years	7	472	236
Crop and Livestock Loan Guarantee Program	2 Years	29	155	70

Missouri Value-Added Loan Guarantee Program

The Missouri Value-Added Loan Guarantee Program provides up to a 50% first-loss guarantee on loans, of \$250,000 or less, made by lenders for the purpose of agricultural business development. The loan guarantee is for a duration of up to 10 years. The program is intended to create new economic activity by creating or retaining jobs. Loans guaranteed by the value-added loan guarantee program can be used to finance agricultural property, which includes land, buildings, structures, improvements, and equipment used for the purpose of processing, manufacturing, marketing, exporting, or adding value to an agricultural product. Loans may also be guaranteed to buy stock in a new generation processing entity that processes an agricultural product. In the event of a default, the MASBDA will work with the Attorney General's Office or the loan recipient's bank to try to collect. There were no loan defaults under this program in fiscal year 2017.

Single-Purpose Animal Facilities Loan Guarantee Program

The Single-Purpose Animal Facilities Loan Guarantee Program is designed to provide banks and other lenders with a 50% first-loss guarantee on loans of up to \$250,000 for up to 10 years. Independent livestock producers may use the loans to finance, refinance or restructure breeding or feeder livestock, earthworms, land, buildings, facilities, equipment, machinery and animal waste systems for producing poultry, swine, beef and dairy cattle, or other livestock. In the event of a default, the MASBDA will work with the Attorney General's Office or the loan recipient's bank to try to collect. There were no loan defaults under this program in fiscal year 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 25 - Nonexchange Financial Guarantees (cont.)

Crop and Livestock Loan Guarantee Program

The Crop and Livestock Loan Guarantee Program, authorized in Section 261.027(3), RSMo, is a 50% guarantee on a loan made to a 4-H and Future Farmers of America (FFA) member who borrows money to purchase livestock, input, etc., for their Supervised Agriculture Education (SAE) project. Loans eligible for the program are limited to the purchase of livestock, feed, seed, fertilizer, and other miscellaneous out-of-pocket expenses directly related to the project. In the event of a default, the MDA will work with the Attorney General's Office or the loan recipient's bank to try to collect. As of June 30, 2017, there are five loans that the Attorney General's Office is doing collections on. The judgment amounts on these five loans total \$10,000. They have recovered \$5,000 on these loans.

Note 26 - Joint Ventures

The Regional Convention and Sports Complex Authority was created by state law for the purpose of financing, constructing, operating, and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a board of commissioners of whom five are appointed by the Governor of the State, three by the County Executive of St. Louis County, and three by the Mayor of the City of St. Louis. The Authority is granted all rights and powers necessary to plan, finance, construct, equip, and maintain the facility.

The Authority is considered a joint venture of the State, County, and City because it constitutes a contractual agreement for public benefit in which the State, County, and City retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued \$258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of \$132,910,000 by the State (Series A), \$65,685,000 by the County (Series B), and \$60,075,000 by the City (Series C). In December 1993, the Authority issued \$181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund \$101,410,000 and \$50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of \$121,705,000 by the State (Series A) and \$60,180,000 by the County (Series B). In February 1997, the Authority issued \$61,285,000 in Series C refunding bonds to advance refund \$47,155,000 of the outstanding 1991 Series C bonds. In August 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project and Refunding Bonds Series A 2003 to refund \$2,845,000 and \$113,170,000 of Series A 1991 and Series A 1993 refunding bonds, respectively, and for additional construction costs. In May 2007, the Authority issued \$49,585,000 in Series C 2007 refunding bonds to refund \$61,285,000 of original principal of the Series C 1997 refunding bonds. In August 2013, the Authority issued \$65,195,000 in Series A 2013 refunding bonds to refund \$65,385,000 of Series A 2003 bonds and issued \$32,560,000 in Series B 2013 refunding bonds to refund \$32,180,000 of Series B 2003 bonds.

Pursuant to a financing agreement entered into in August 1991, and terminating in August 2021, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, County, and City under the financing agreement are sufficient to pay the principal and interest on the bonds. See *Note 12* for the specific debt service requirements that make up the State's ongoing financial responsibility for this joint venture.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 26 - Joint Ventures (cont.)

Summary financial information for the Authority as of and for the fiscal year ended December 31, 2016, is presented below (in thousands of dollars):

Total Assets	\$ 185,611
Total Deferred Outflows of Resources	1,022
Total Assets and Deferred Outflows of Resources	<u>\$ 186,633</u>
Total Liabilities	\$ 99,084
Total Net Position	87,549
Total Liabilities and Net Position	<u>\$ 186,633</u>
Total Revenues	\$ 24,457
Total Expenses	16,501
Net Increase in Net Position	<u>\$ 7,956</u>

Copies of the Authority's financial statements may be requested from:

St. Louis Regional Convention
and Sports Complex Authority
901 North Broadway
St. Louis, Missouri 63101

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 27 - Endowments

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a major component unit of the State. For the college and universities, except the University of Missouri, the net appreciation/depreciation of the endowments is \$4,467,000. Of this amount, \$1,899,000 is reported as restricted non-expendable, \$2,564,000 is reported as restricted expendable, and \$4,000 is reported as unrestricted net position. The University of Missouri reported a net appreciation/depreciation of restricted non-expendable net position in the amount of \$161,596,000 which consisted of both realized and unrealized gains and losses on investment. For detailed information on the college and universities, please see the individual financial statements. The Revised Statutes of Missouri authorize the acceptance of donations at State agencies or public institutions. The governing boards of these institutions and the donor agreements determine whether net appreciation can be spent and the acceptable spending rate as detailed in Section 402.134, RSMo. These policies are entity specific and vary with each institution.

Note 28 - Conduit Debt

As of June 30, 2017, the Missouri Development Finance Board issued \$1,637,968,000 in Private Activity Bonds and \$2,612,179,000 in Public Purpose and Refunding Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2017, were approximately \$428,906,000 and \$1,089,449,000 respectively.

The Missouri Development Finance Board and the State have no liability for repayment of these revenue bonds and funding notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded as a liability on the financial statements for the Missouri Development Finance Board. The debtor pays all debt service requirements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

The State Environmental Improvement and Energy Resources Authority, a related organization of the State of Missouri, issues Water Pollution Control and Drinking Water Revenue Bonds on behalf of the Department of Natural Resources. The outstanding balance on these bonds as of June 30, 2017, is \$660,425,000.

The State of Missouri has no liability for repayment of these revenue bonds beyond the resources provided by related loan programs. The bonds are limited obligations of the State Environmental Improvement and Energy Resources Authority.

Note 29 - Subsequent Events

Bonds

On September 7, 2017 the Board of Public Buildings of the State of Missouri issued \$77,165,000 of Special Obligation Bonds, Series A 2017. These bonds bear interest from 2.0% to 5.0%, due in semi-annual installments beginning April 1, 2018.

Federal Tax Reform

On December 22, 2017, the federal government passed the Tax Cuts and Jobs Act. The full-year impact on the State's revenues from individual income tax returns is an estimated reduction of \$58 million.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Note 29 - Subsequent Events (cont.)

University of Missouri

On July 17, 2017, the University notified Fulton Medical Center, LLC (the “Company”) and Nueterra Holdings, LLC that it was exercising its put option to sell its membership interest in the Company pursuant to the terms of the Operating Agreement of the Company. The Company and Nueterra Holdings, LLC have not closed on the University’s put option and the impact of the exercise of the option on the guarantees provided by the Medical Alliance for Fulton Medical Center, LLC debt is not known.

Missouri State University

In November 2017, the University signed a commitment letter to issue bonds of up to \$36,255,000 for the purpose of refunding the Series 2005 and Series 2014 bonds outstanding at June 30, 2017. The commitment letter agrees to interest rates of 2.15% and 2.63% with the bonds maturing in 2024 and 2036.

Retirement Systems

Senate Bill 62 passed in July 2017. Senate Bill 62 allows the MOSERS and MPERS Boards of Trustees to choose to establish a buyout program for terminated vested members with such program authorization expiring May 31, 2018. Each board may set rules for administration of each system's buyout program. Any terminated vested member who participates in the program and then returns to state employment will be considered a new employee and placed in the MSEP 2011 plan for state employees hired for the first time on or after January 1, 2011. Senate Bill 62 also contains provisions that will, effective January 1, 2018, reduce the 10-year vesting period for MSEP 2011 members to a 5-year period, and provides that new terminated vested members of the MSEP 2011 will (1) not be eligible to receive service credit at retirement for unused sick leave accruals, (2) have a 2-year delay for the first COLA payment, rather than the current 1-year delay, and (3) have a member's survivor benefit commence at the time when such member would have been eligible for normal retirement rather than at the time of such member's death. These provisions are estimated to result in a reduction of the annual employer contribution requirements for both MOSERS and MPERS.

The MOSERS Board certified contribution rates for the fiscal year 2019 at 20.21% of payroll for the MSEP and 63.71% of payroll for the Judicial Plan. This was an increase from the 2018 rates of 19.45% and 62.09% and was primarily a result of lowering the investment return assumption from 7.65% to 7.5%.



Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Funds, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.

STATE OF MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,386,258	\$ 1,386,258	\$ 1,386,258	\$ —
Resources (Inflows):				
Taxes:				
Sales and Use	2,232,953	2,201,871	2,147,158	(54,713)
Individual Income	7,613,338	7,507,361	7,320,815	(186,546)
Corporate Income	449,634	443,375	432,358	(11,017)
County Foreign Insurance	291,614	287,555	280,410	(7,145)
Beer	7,973	7,862	7,667	(195)
Liquor	24,972	24,624	24,012	(612)
Cigarette	—	—	—	—
Corporation Franchise	2,853	2,813	2,743	(70)
Reimbursement/Miscellaneous	168,678	166,330	162,197	(4,133)
Total Taxes	10,792,015	10,641,791	10,377,360	(264,431)
Licenses, Fees, and Permits	95,091	93,774	91,440	(2,334)
Sales	8,753	8,634	8,418	(216)
Leases and Rentals	35	34	34	—
Services	381,806	381,615	369,657	(11,958)
Contributions and Intergovernmental	9,375,147	9,352,447	9,067,984	(284,463)
Interest	14,027	13,833	13,489	(344)
Penalties and Unclaimed Property	35,658	35,238	34,326	(912)
Cost Reimbursement/Miscellaneous	1,149,147	1,146,313	1,111,471	(34,842)
Transfers In	3,504,597	3,524,492	3,177,161	(347,331)
Total Resources (Inflows)	25,356,276	25,198,171	24,251,340	(946,831)
Amount Available for Appropriation	26,742,534	26,584,429	25,637,598	(946,831)
Charges to Appropriations (Outflows):				
Current:				
General Government	2,154,331	2,117,690	2,026,715	90,975
Education	4,476,931	4,318,282	4,234,376	83,906
Natural and Economic Resources	492,705	466,932	238,887	228,045
Transportation and Law Enforcement	556,368	503,989	320,077	183,912
Human Services	13,137,203	13,269,446	12,438,373	831,073
Debt Service	103,298	101,468	99,068	2,400
Transfers Out	5,286,078	5,281,757	4,920,678	361,079
Total Charges to Appropriations	26,206,914	26,059,564	24,278,174	1,781,390
Ending Budgetary Fund Balance	\$ 535,620	\$ 524,865	\$ 1,359,424	\$ 834,559
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(1,008,989)	
Investments at Fair Value			1,023,985	
Receivables, Net			2,372,828	
Due from Other Funds			—	
Due from Component Units			—	
Inventories			25,246	
Advance to Component Units			—	
Accounts Payable			(1,114,922)	
Accrued Payroll			(59,881)	
Due to Other Funds			(5,420)	
Unearned Revenue			(40,362)	
Escheat/Unclaimed Property			(108,662)	
Deferred Inflows of Resources			(1,005,272)	
Fund Balance - GAAP Basis			\$ 1,437,975	

Public Education				Conservation and Environmental Protection			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 202,425	\$ 202,425	\$ 202,425	\$ —	\$ 505,882	\$ 505,882	\$ 505,882	\$ —
873,060	873,060	876,681	3,621	261,309	261,309	210,739	(50,570)
4,432	4,432	4,451	19	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
60,828	60,828	61,080	252	—	—	—	—
—	—	—	—	—	—	—	—
332,749	332,749	334,128	1,379	2,326	2,326	1,876	(450)
1,271,069	1,271,069	1,276,340	5,271	263,635	263,635	212,615	(51,020)
2,294	2,294	2,304	10	103,692	103,692	83,625	(20,067)
—	—	—	—	9,013	9,013	7,268	(1,745)
—	—	—	—	84	84	68	(16)
—	—	—	—	—	—	—	—
48,502	48,502	48,703	201	122,377	122,377	98,694	(23,683)
1,518	1,518	1,524	6	8,370	8,370	6,750	(1,620)
1,740	1,740	1,747	7	1,450	1,450	1,170	(280)
100,012	100,012	100,427	415	127,376	127,376	102,726	(24,650)
1,727,485	1,725,633	1,698,598	(27,035)	979	990	990	—
3,152,620	3,150,768	3,129,643	(21,125)	636,976	636,987	513,906	(123,081)
3,355,045	3,353,193	3,332,068	(21,125)	1,142,858	1,142,869	1,019,788	(123,081)
1,105	1,109	559	550	3,054	3,083	2,278	805
2,828,675	2,829,900	2,743,532	86,368	—	—	—	—
16,180	16,180	4,496	11,684	1,036,375	1,010,402	489,978	520,424
325	325	184	141	998	998	800	198
16,385	15,711	15,369	342	711	711	698	13
—	—	—	—	674	657	319	338
421,090	420,148	407,737	12,411	54,097	54,519	50,507	4,012
3,283,760	3,283,373	3,171,877	111,496	1,095,909	1,070,370	544,580	525,790
\$ 71,285	\$ 69,820	\$ 160,191	\$ 90,371	\$ 46,949	\$ 72,499	\$ 475,208	\$ 402,709
		(112,713)				(386,479)	
		113,982				385,679	
		160,055				1,376,366	
		1,569				—	
		—				561	
		71				331	
		—				517	
		(572)				(5,476)	
		(236)				(5,023)	
		(66)				(143)	
		—				(181)	
		—				—	
		(44,706)				(22,606)	
		\$ 277,575				\$ 1,818,754	

STATE OF MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
June 30, 2017

Budgetary Presentation:

A Budgetary Comparison Schedule is presented as Required Supplementary Information for the State's General Fund and Major Special Revenue Funds. Revenues and expenditures are reported on a budgetary basis where actual revenues are recognized when cash is received, and actual expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2017, has been presented at the bottom of the Budgetary Comparison Schedule.

The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at <http://oa.mo.gov/accounting/reports/annual-reports/appropriation-activity-reports>. The original budget expenditures and transfers are for what was originally appropriated for each fund. The final budget expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less the Governor's amounts reverted (withheld) for each fund less any reappropriations to the next fiscal year.

Once a year, the Office of Administration-Division of Budget and Planning receives budgeted revenues from state agencies for each of their funds as well as a revised revenue estimate in the spring for the State's General Revenue Fund. The revised revenue estimate is used in the final budget column for the General Fund and is very comparable to actual revenue resulting in a small negative variance on this Schedule.

In accordance with State statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund; therefore, variances between budgeted and actual expenditures on the budgetary schedule will always be positive.

For budget purposes, interfund activity is not eliminated. A summary of interfund eliminations at June 30, 2017, is shown below (in thousands):

	Final Budget Transfer		Actual Transfer	
	In	Out	In	Out
GENERAL FUND	\$ 3,108,715	\$ (3,108,715)	\$ 2,852,142	\$ (2,852,142)
SPECIAL REVENUE FUNDS				
Public Education	392,823	(392,823)	380,935	(380,935)
TOTAL	<u>\$ 3,501,538</u>	<u>\$ (3,501,538)</u>	<u>\$ 3,233,077</u>	<u>\$ (3,233,077)</u>

Budgetary Control:

Budgetary control is maintained at the departmental level; each Department of the Missouri government formulates a budget to be submitted for approval by the General Assembly prior to the beginning of the fiscal year. These budgets are prepared essentially on the cash basis. The legislature reviews, revises, and legally adopts these budgets. The Governor then has the authority to approve or veto each budget, subject to legislative override.

Budgeted expenditures cannot exceed estimated revenues and other sources of funding, including beginning fund balances. In the event that actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the legislature to address the issue.

Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

STATE OF MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FISCAL YEARS 2015-2017
(In Thousands of Dollars)

		Judicial Plan*	
	2017**	2016**	2015**
Total Pension Liability			
Service Cost	\$ 10,932	\$ 10,614	\$ 8,990
Interest on the Total Pension Liability	37,755	36,162	34,014
Difference between Expected and Actual Experience	(5,037)	5,103	13,361
Changes in Assumptions	53,991	—	—
Benefit Payments	(32,989)	(31,246)	(29,407)
Refunds	—	—	—
Disability Premiums	—	—	—
Transfers to Other Retirement Systems	—	—	—
Net Change in Total Pension Liability	64,652	20,633	26,958
Total Pension Liability - Beginning	482,969	462,336	435,378
Total Pension Liability - Ending (a)	547,621	482,969	462,336
Plan Fiduciary Net Position			
Contributions - Employer	33,642	32,696	29,265
Contributions - Employee	661	488	295
Pension Plan Net Investment Income	28	(3,610)	21,395
Benefit Payments	(32,979)	(31,246)	(29,407)
Refunds	(10)	—	—
Disability Premiums	—	—	—
Pension Plan Administrative Expense	(137)	(123)	(106)
Net Transfers	—	—	—
Other	—	—	—
Net Change in Plan Fiduciary Net Position	1,205	(1,795)	21,442
Plan Fiduciary Net Position - Beginning*	130,851	132,646	111,204
Plan Fiduciary Net Position - Ending (b)	132,056	130,851	132,646
Net Pension Liability - Ending (a) - (b)	\$ 415,565	\$ 352,118	\$ 329,690
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 24.11%	 27.09%	 28.69%
Covered Payroll	\$ 57,421	\$ 55,656	\$ 49,588
Net Pension Liability as a Percentage of Covered Payroll	723.72%	632.66%	664.86%

*After post-valuation adjustments.

**Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year. The measurement date is as of June 30, except University of Missouri Retirement System which is based on a measurement date of October 1.

Note: This schedule is ultimately required to show information for ten years. However, until a full ten-year trend is compiled, only the years that information is available will be reported.

Missouri Department of Transportation and Highway Patrol Employees' Retirement System			University of Missouri Retirement System		
2017**	2016**	2015**	2017**	2016**	2015**
\$ 45,441	\$ 45,358	\$ 44,740	\$ 66,269	\$ 68,328	\$ 70,574
280,432	275,285	270,526	296,885	288,438	275,762
(39,810)	(13,324)	(17,614)	(22,741)	(38,227)	13,226
—	—	—	—	—	—
(236,489)	(236,906)	(227,958)	(211,036)	(203,300)	(182,488)
(198)	(107)	(19)	—	—	—
(1,568)	(1,555)	(1,532)	—	—	—
(1,921)	(3,147)	(1,876)	—	—	—
45,887	65,604	66,267	129,377	115,239	177,074
3,715,846	3,650,242	3,583,975	3,878,812	3,763,573	3,586,499
3,761,733	3,715,846	3,650,242	4,008,189	3,878,812	3,763,573
199,609	200,639	183,354	96,631	99,454	103,895
3,483	3,294	2,260	15,218	14,976	14,486
21,432	92,646	319,446	364,486	6,646	36,412
(236,489)	(236,906)	(227,958)	(211,036)	(203,300)	(182,488)
(198)	(107)	(19)	—	—	—
(1,568)	(1,555)	(1,532)	—	—	—
(4,370)	(4,067)	(3,736)	—	—	—
808	(2,033)	(92)	—	—	—
—	—	—	—	—	(2,150)
(17,293)	51,911	271,723	265,299	(82,224)	(29,845)
2,009,367	1,957,456	1,685,733	3,220,626	3,302,850	3,332,695
1,992,074	2,009,367	1,957,456	3,485,925	3,220,626	3,302,850
\$ 1,769,659	\$ 1,706,479	\$ 1,692,786	\$ 522,264	\$ 658,186	\$ 460,723
52.96%	54.08%	53.63%	86.97%	83.03%	87.76%
\$ 344,635	\$ 342,265	\$ 336,591	\$ 1,144,412	\$ 1,129,784	\$ 1,109,431
513.49%	498.58%	502.92%	45.64%	58.26%	41.53%

STATE OF MISSOURI
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FISCAL YEARS 2015-2017
(In Thousands of Dollars)

	2017*	2016*	2015*
<u>Missouri State Employees' Plan</u>			
State's proportion of the net pension liability	82.21%	82.26%	82.45%
State's proportionate share of the net pension liability	\$ 3,816,328	\$ 2,641,347	\$ 1,944,098
State's covered payroll	1,593,034	1,593,238	1,613,263
State's proportionate share of the net pension liability as a percentage of its covered payroll	239.56%	165.78%	120.51%
Plan fiduciary net position as a percentage of the total pension liability	63.60%	72.62%	79.49%
<u>Judicial Plan</u>			
State's proportion of the net pension liability	100.00%	100.00%	100.00%
State's proportionate share of the net pension liability	\$ 415,565	\$ 352,118	\$ 329,690
State's covered payroll	57,421	55,656	49,588
State's proportionate share of the net pension liability as a percentage of its covered payroll	723.72%	632.66%	664.86%
Plan fiduciary net position as a percentage of the total pension liability	24.11%	27.09%	28.69%
<u>Missouri Department of Transportation and Highway Patrol Employees' Retirement System</u>			
State's proportion of the net pension liability	100.00%	100.00%	100.00%
State's proportionate share of the net pension liability	\$ 1,769,659	\$ 1,706,479	\$ 1,692,786
State's covered payroll	344,635	342,265	336,591
State's proportionate share of the net pension liability as a percentage of its covered payroll	513.49%	498.58%	502.92%
Plan fiduciary net position as a percentage of the total pension liability	52.96%	54.08%	53.63%
<u>Missouri State Employees' Plan - Component Units</u>			
Component Unit's proportion of the net pension liability	17.41%	17.38%	17.19%
Component Unit's proportionate share of the net pension liability	\$ 808,175	\$ 557,955	\$ 405,189
Component Unit's covered payroll	337,401	336,571	325,490
Component Unit's proportionate share of the net pension liability as a percentage of its covered payroll	239.53%	165.78%	124.49%
Plan fiduciary net position as a percentage of the total pension liability	63.60%	72.62%	79.49%
<u>University of Missouri Retirement System</u>			
University's proportion of the net pension liability	100.00%	100.00%	100.00%
University's proportionate share of the net pension liability	\$ 522,264	\$ 658,186	\$ 460,723
University's covered payroll	1,144,412	1,129,784	1,109,431
University's proportionate share of the net pension liability as a percentage of its covered payroll	45.64%	58.26%	41.53%
Plan fiduciary net position as a percentage of the total pension liability	86.97%	83.03%	87.76%

*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year. The measurement date is as of June 30, except University of Missouri Retirement System which is based on a measurement date of October 1.

Note: This schedule is ultimately required to show information for ten years. However, until a full ten-year trend is compiled, only the years that information is available will be reported.

STATE OF MISSOURI
SCHEDULE OF STATE CONTRIBUTIONS
FISCAL YEARS 2014-2017
(In Thousands of Dollars)

	2017	2016	2015	2014
<u>Missouri State Employees' Plan</u>				
Required Contributions	\$ 274,510	\$ 270,198	\$ 270,220	\$ 269,106
Contributions in relation to the required contribution	274,510	270,198	270,220	269,106
Contribution deficiency (excess)	—	—	—	—
State's covered payroll	1,617,463	1,593,034	1,593,238	1,613,263
Contributions as a percentage of covered payroll	16.97%	16.96%	16.96%	16.68%
<u>Judicial Plan</u>				
Required Contributions	\$ 34,252	\$ 33,642	\$ 32,696	\$ 29,265
Contributions in relation to the required contribution	34,252	33,642	32,696	29,265
Contribution deficiency (excess)	—	—	—	—
State's covered payroll	58,541	57,421	55,696	49,588
Contributions as a percentage of covered payroll	58.51%	58.59%	58.70%	59.02%
<u>Missouri Department of Transportation and Highway Patrol Employees' Retirement System</u>				
Required Contributions	\$ 206,563	\$ 199,609	\$ 200,639	\$ 183,354
Contributions in relation to the required contribution	206,563	199,609	200,639	183,354
Contribution deficiency (excess)	—	—	—	—
State's covered payroll	356,515	344,635	342,265	336,591
Contributions as a percentage of covered payroll	57.94%	58.00%	58.62%	54.44%
<u>Missouri State Employees' Plan - Component Units</u>				
Required Contributions	\$ 58,246	\$ 57,219	\$ 57,081	\$ 56,087
Contributions in relation to the required contribution	58,246	57,219	57,081	56,087
Contribution deficiency (excess)	—	—	—	—
Component Unit's covered payroll	343,472	337,401	336,571	325,490
Contributions as a percentage of covered payroll	16.96%	16.96%	16.96%	17.23%
<u>University of Missouri Retirement System</u>				
Required Contributions	\$ 96,631	\$ 99,454	\$ 103,895	\$ 113,688
Contributions in relation to the required contribution	96,631	99,454	103,895	113,688
Contribution deficiency (excess)	—	—	—	—
University's covered payroll	1,144,412	1,129,784	1,109,431	1,078,347
Contributions as a percentage of covered payroll	8.44%	8.80%	9.36%	10.54%

Note: Schedule revised to show by most recent fiscal year end rather than the measurement date.

Note: This schedule is ultimately required to show information for ten years. However, until a full ten-year trend is compiled, only the years that information is available will be reported.

Notes to the Schedule:

Changes of benefit terms. There were no changes to benefit terms in the plans for the year ended June 30, 2016.

Changes of assumptions.

For MOSERS: Economic and demographic assumptions were updated by the Board of Trustees on July 16, 2016 to be first effective for the June 30, 2016 valuation. The most significant changes to these assumptions were the reduction of the investment return assumption from 8 percent to 7.65 percent and the adoption of new mortality tables. Mortality rates for post-retirement mortality are now based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120%. The pre-retirement mortality table used is now the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females.

For MPERS: No changes in assumptions.

For MU: No changes in assumptions.



***Supplementary Information** includes the Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (Missouri Road Fund), as well as the Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds.*

STATE OF MISSOURI
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Missouri Road Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 826,278	\$ 826,278	\$ 826,278	\$ —
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	171,275	171,275	174,997	3,722
Fuel	157	157	109	(48)
Total Taxes	171,432	171,432	175,106	3,674
Licenses, Fees, and Permits	91,404	91,404	103,109	11,705
Contributions and				
Intergovernmental	915,716	917,927	844,194	(73,733)
Interest	4,636	4,636	5,343	707
Cost Reimbursement/Miscellaneous	58,587	58,587	50,946	(7,641)
Transfers In	480,000	480,000	459,141	(20,859)
Total Resources (Inflows)	1,721,775	1,723,986	1,637,839	(86,147)
Amount Available for Appropriation	2,548,053	2,550,264	2,464,117	(86,147)
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law				
Enforcement	820,641	886,382	827,574	58,808
Capital Outlay				
Transportation and Law				
Enforcement	680,989	735,541	686,741	48,800
Debt Service	235,419	254,278	237,408	16,870
Total Charges to Appropriations	1,737,049	1,876,201	1,751,723	124,478
Ending Budgetary Fund Balance	\$ 811,004	\$ 674,063	\$ 712,394	\$ 38,331
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(378,540)	
Investments at Fair Value			376,175	
Receivables, Net			107,937	
Inventories			38,790	
Accounts Payable			(87,167)	
Accrued Payroll			(16,970)	
Due to Other Funds			(241)	
Unearned Revenue			(5,588)	
Deferred Inflows of Resources			(23,242)	
Fund Balance - GAAP Basis			\$ 723,548	



The Combining and Individual Fund Statements and Schedules

Major Funds

General Fund - Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Non-Major Funds

This includes all non-major governmental and enterprise funds, as well as the non-major component units. It also includes all internal service and fiduciary funds because the "major fund" classification, created under GASB Statement 34, does not apply to these funds.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital projects funds.

**STATE OF MISSOURI
BALANCE SHEET
GENERAL FUND
June 30, 2017
(In Thousands of Dollars)**

	General Fund		Totals
	General	Federal	June 30, 2017
ASSETS			
Cash and Cash Equivalents	\$ 279,845	\$ 70,590	\$ 350,435
Investments	810,753	213,232	1,023,985
Accounts Receivable, Net	1,532,565	808,169	2,340,734
Interest Receivable	3,010	26	3,036
Inventories	22,219	3,027	25,246
Loans Receivable	29,046	12	29,058
Total Assets	<u>\$ 2,677,438</u>	<u>\$ 1,095,056</u>	<u>\$ 3,772,494</u>
LIABILITIES			
Accounts Payable	\$ 469,821	\$ 645,101	\$ 1,114,922
Accrued Payroll	47,409	12,472	59,881
Due to Other Funds	2,678	2,742	5,420
Unearned Revenue	931	39,431	40,362
Escheat/Unclaimed Property	108,662	—	108,662
Total Liabilities	<u>629,501</u>	<u>699,746</u>	<u>1,329,247</u>
DEFERRED INFLOWS OF RESOURCES	<u>949,900</u>	<u>55,372</u>	<u>1,005,272</u>
FUND BALANCES			
Nonspendable	51,265	3,039	54,304
Restricted	4,154	336,899	341,053
Committed	590,697	—	590,697
Assigned	156,557	—	156,557
Unassigned	295,364	—	295,364
Total Fund Balances	<u>1,098,037</u>	<u>339,938</u>	<u>1,437,975</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,677,438</u>	<u>\$ 1,095,056</u>	<u>\$ 3,772,494</u>

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND

For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2017
Revenues:				
Taxes	\$ 9,084,734	\$ 1	\$ —	\$ 9,084,735
Licenses, Fees, and Permits	90,619	523	—	91,142
Sales	481	15	—	496
Leases and Rentals	23	—	—	23
Services	10,935	110,735	—	121,670
Contributions and Intergovernmental	1,552,700	8,537,597	—	10,090,297
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	(2,349)	(901)	—	(3,250)
Interest	14,274	123	—	14,397
Penalties and Unclaimed Properties	78,553	5,271	—	83,824
Cost Reimbursement/Miscellaneous	156,250	161,553	—	317,803
Total Revenues	10,986,220	8,814,917	—	19,801,137
Expenditures:				
Current:				
General Government	613,266	31,621	—	644,887
Education	3,235,769	1,023,294	—	4,259,063
Natural and Economic Resources	76,417	210,124	—	286,541
Transportation and Law Enforcement	96,135	241,693	—	337,828
Human Services	5,525,171	7,391,136	—	12,916,307
Debt Service:				
Principal	69,604	1,287	—	70,891
Interest	29,903	46	—	29,949
Total Expenditures	9,646,265	8,899,201	—	18,545,466
Excess Revenues (Expenditures)	1,339,955	(84,284)	—	1,255,671
Other Financing Sources (Uses):				
Proceeds from Notes/Capital Leases	714	808	—	1,522
Proceeds from Sale of Capital Assets	7,751	170	—	7,921
Transfers In	237,064	132,940	(325,454)	44,550
Transfers Out	(1,455,483)	(196,290)	325,454	(1,326,319)
Total Other Financing Sources (Uses)	(1,209,954)	(62,372)	—	(1,272,326)
Net Change in Fund Balances	130,001	(146,656)	—	(16,655)
Fund Balances - Beginning	968,532	485,147	—	1,453,679
Increase (Decrease) in Reserve for Inventory	(496)	1,447	—	951
Fund Balances - Ending	\$ 1,098,037	\$ 339,938	\$ —	\$ 1,437,975

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
June 30, 2017
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2017
ASSETS					
Cash and Cash Equivalents	\$ 118,271	\$ 29,077	\$ 29,664	\$ 689	\$ 177,701
Investments	275,581	80,748	180,252	54,942	591,523
Accounts Receivable, Net	159,020	15,230	—	—	174,250
Interest Receivable	428	228	536	—	1,192
Due from Other Funds	3,377	—	—	—	3,377
Inventories	4,337	—	—	—	4,337
Loans Receivable	2,906	—	—	—	2,906
Total Assets	<u>\$ 563,920</u>	<u>\$ 125,283</u>	<u>\$ 210,452</u>	<u>\$ 55,631</u>	<u>\$ 955,286</u>
LIABILITIES					
Accounts Payable	\$ 88,300	\$ —	\$ 31,370	\$ —	\$ 119,670
Accrued Payroll	12,152	—	—	—	12,152
Due to Other Funds	994	—	—	—	994
Total Liabilities	<u>101,446</u>	<u>—</u>	<u>31,370</u>	<u>—</u>	<u>132,816</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,831</u>	<u>94</u>	<u>328</u>	<u>—</u>	<u>7,253</u>
FUND BALANCES					
Nonspendable	4,337	—	—	55,522	59,859
Restricted	161,391	125,189	196,382	—	482,962
Committed	41,171	—	—	—	41,171
Assigned	248,744	—	—	109	248,853
Unassigned	—	—	(17,628)	—	(17,628)
Total Fund Balances	<u>455,643</u>	<u>125,189</u>	<u>178,754</u>	<u>55,631</u>	<u>815,217</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 563,920</u>	<u>\$ 125,283</u>	<u>\$ 210,452</u>	<u>\$ 55,631</u>	<u>\$ 955,286</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2017
Revenues:					
Taxes	\$ 938,221	\$ 178,801	\$ —	\$ —	\$ 1,117,022
Licenses, Fees, and Permits	397,670	—	—	—	397,670
Sales	1,381	—	—	—	1,381
Leases and Rentals	1	—	—	—	1
Services	861	—	—	—	861
Contributions and Intergovernmental	337,446	4,972	—	50	342,468
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	(1,223)	(467)	(1,185)	(371)	(3,246)
Interest	1,927	1,063	1,956	6	4,952
Penalties and Unclaimed Properties	7,215	—	—	3,169	10,384
Cost Reimbursement/Miscellaneous	77,376	—	—	—	77,376
Total Revenues	<u>1,760,875</u>	<u>184,369</u>	<u>771</u>	<u>2,854</u>	<u>1,948,869</u>
Expenditures:					
Current:					
General Government	234,948	—	2,270	—	237,218
Education	3,479	—	99,513	—	102,992
Natural and Economic Resources	249,966	—	1,128	—	251,094
Transportation and Law Enforcement	330,425	8	509	—	330,942
Human Services	692,255	—	7,781	—	700,036
Capital Outlay:					
General Government	—	—	14,057	—	14,057
Education	—	—	348	—	348
Natural and Economic Resources	—	—	2,027	—	2,027
Transportation and Law Enforcement	—	—	2,110	—	2,110
Human Services	—	—	54,915	—	54,915
Debt Service:					
Principal	712	180,765	—	—	181,477
Interest	231	68,747	—	—	68,978
Bond Issuance Costs	—	336	—	—	336
Underwriter's Discount	—	—	972	—	972
Total Expenditures	<u>1,512,016</u>	<u>249,856</u>	<u>185,630</u>	<u>—</u>	<u>1,947,502</u>
Excess Revenues (Expenditures)	<u>248,859</u>	<u>(65,487)</u>	<u>(184,859)</u>	<u>2,854</u>	<u>1,367</u>
Other Financing Sources (Uses):					
Proceeds from Notes/Capital Leases	3	—	—	—	3
Proceeds from Bonds	—	—	97,225	—	97,225
Bond Premium	—	—	5,877	—	5,877
Proceeds from Sale of Capital Assets	6,948	—	—	—	6,948
Transfers In	258,778	62,331	—	—	321,109
Transfers Out	(492,547)	—	—	—	(492,547)
Total Other Financing Sources (Uses)	<u>(226,818)</u>	<u>62,331</u>	<u>103,102</u>	<u>—</u>	<u>(61,385)</u>
Net Change in Fund Balances	22,041	(3,156)	(81,757)	2,854	(60,018)
Fund Balances - Beginning	433,578	128,345	260,511	52,777	875,211
Increase (Decrease) in Reserve for Inventory	24	—	—	—	24
Fund Balances - Ending	<u>\$ 455,643</u>	<u>\$ 125,189</u>	<u>\$ 178,754</u>	<u>\$ 55,631</u>	<u>\$ 815,217</u>



*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.*

Non-Major Special Revenue Funds:

Professional Registration - Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

Judicial Protection and Assistance - Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

Agriculture and State Fair - Provides for inspections of products, market development, and awards for competition at the State Fair.

Social Assistance - Provides financial, health, and other services to qualifying individuals.

Transportation and Law Enforcement - Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

Unemployment and Workers' Compensation - Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

Reimbursements and Other - Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2017
(In Thousands of Dollars)

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Transportation and Law Enforcement	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2017
ASSETS								
Cash and Cash								
Equivalents	\$ 13,694	\$ 7,722	\$ 2,440	\$ 12,996	\$ 48,036	\$ 11,160	\$ 22,223	\$ 118,271
Investments	43,285	24,408	8,682	40,991	52,877	35,272	70,066	275,581
Accounts Receivable, Net	—	1,600	151	5,279	125,899	24,026	2,065	159,020
Interest Receivable	—	38	13	67	113	66	131	428
Due from Other Funds	—	—	—	—	—	3,377	—	3,377
Inventories	27	8	11	10	4,012	—	269	4,337
Loans Receivable	—	—	1,799	—	1,107	—	—	2,906
Total Assets	<u>\$ 57,006</u>	<u>\$ 33,776</u>	<u>\$ 13,096</u>	<u>\$ 59,343</u>	<u>\$ 232,044</u>	<u>\$ 73,901</u>	<u>\$ 94,754</u>	<u>\$ 563,920</u>
LIABILITIES								
Accounts Payable	\$ 319	\$ 1,028	\$ 172	\$ 40,110	\$ 4,136	\$ 37,061	\$ 5,474	\$ 88,300
Accrued Payroll	235	437	340	314	7,666	510	2,650	12,152
Due to Other Funds	65	281	19	117	213	159	140	994
Total Liabilities	<u>619</u>	<u>1,746</u>	<u>531</u>	<u>40,541</u>	<u>12,015</u>	<u>37,730</u>	<u>8,264</u>	<u>101,446</u>
DEFERRED INFLOWS OF RESOURCES								
	<u>—</u>	<u>30</u>	<u>8</u>	<u>404</u>	<u>5,571</u>	<u>635</u>	<u>183</u>	<u>6,831</u>
FUND BALANCES								
Nonspendable	27	8	11	10	4,012	—	269	4,337
Restricted	—	24,277	3,529	—	30,419	35,536	67,630	161,391
Committed	17,168	314	602	17,348	915	—	4,824	41,171
Assigned	<u>39,192</u>	<u>7,401</u>	<u>8,415</u>	<u>1,040</u>	<u>179,112</u>	<u>—</u>	<u>13,584</u>	<u>248,744</u>
Total Fund Balances	<u>56,387</u>	<u>32,000</u>	<u>12,557</u>	<u>18,398</u>	<u>214,458</u>	<u>35,536</u>	<u>86,307</u>	<u>455,643</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 57,006</u>	<u>\$ 33,776</u>	<u>\$ 13,096</u>	<u>\$ 59,343</u>	<u>\$ 232,044</u>	<u>\$ 73,901</u>	<u>\$ 94,754</u>	<u>\$ 563,920</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Transportation and Law Enforcement	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2017
Revenues:								
Taxes	\$ 232	\$ —	\$ 4,417	\$ 102,156	\$ 712,818	\$ 118,415	\$ 183	\$ 938,221
Licenses, Fees, and Permits	18,252	32,873	11,365	18,577	208,356	—	108,247	397,670
Sales	—	—	10	816	—	—	555	1,381
Leases and Rentals	—	—	—	—	—	—	1	1
Services	—	833	—	—	—	—	28	861
Contributions and Intergovernmental	—	570	246	334,085	1,024	—	1,521	337,446
Investment Earnings:								
Net Increase (Decrease) in the Fair Value of Investments	(166)	(92)	(126)	(152)	(288)	(140)	(259)	(1,223)
Interest	—	153	143	276	569	277	509	1,927
Penalties and Unclaimed Properties	425	858	—	48	535	3,832	1,517	7,215
Cost Reimbursement/ Miscellaneous	209	1,443	103	51,213	1,246	251	22,911	77,376
Total Revenues	<u>18,952</u>	<u>36,638</u>	<u>16,158</u>	<u>507,019</u>	<u>924,260</u>	<u>122,635</u>	<u>135,213</u>	<u>1,760,875</u>
Expenditures:								
Current:								
General Government	156	13,237	141	1,355	207,976	5,337	6,746	234,948
Education	1,868	—	—	1,611	—	—	—	3,479
Natural and Economic Resources	18,112	367	16,322	3,901	—	111,874	99,390	249,966
Transportation and Law Enforcement	—	22,980	—	2,969	260,851	—	43,625	330,425
Human Services	—	557	—	687,807	—	—	3,891	692,255
Debt Service:								
Principal	—	19	—	—	47	77	569	712
Interest	—	7	7	—	—	25	192	231
Total Expenditures	<u>20,136</u>	<u>37,167</u>	<u>16,470</u>	<u>697,643</u>	<u>468,874</u>	<u>117,313</u>	<u>154,413</u>	<u>1,512,016</u>
Excess Revenues (Expenditures)	<u>(1,184)</u>	<u>(529)</u>	<u>(312)</u>	<u>(190,624)</u>	<u>455,386</u>	<u>5,322</u>	<u>(19,200)</u>	<u>248,859</u>
Other Financing Sources (Uses):								
Proceeds from Notes/ Capital Leases	—	—	3	—	—	—	—	3
Proceeds from Sale of Capital Assets	—	—	—	—	6,948	—	—	6,948
Transfers In	32	1,387	56	207,034	1,022	2,078	47,169	258,778
Transfers Out	(463)	—	—	(14,814)	(463,269)	(50)	(13,951)	(492,547)
Total Other Financing Sources (Uses)	<u>(431)</u>	<u>1,387</u>	<u>59</u>	<u>192,220</u>	<u>(455,299)</u>	<u>2,028</u>	<u>33,218</u>	<u>(226,818)</u>
Net Change in Fund Balances	(1,615)	858	(253)	1,596	87	7,350	14,018	22,041
Fund Balances - Beginning	58,003	31,142	12,808	16,811	214,311	28,186	72,317	433,578
Increase (Decrease) in Reserve for Inventory	(1)	—	2	(9)	60	—	(28)	24
Fund Balances - Ending	<u>\$ 56,387</u>	<u>\$ 32,000</u>	<u>\$ 12,557</u>	<u>\$ 18,398</u>	<u>\$ 214,458</u>	<u>\$ 35,536</u>	<u>\$ 86,307</u>	<u>\$ 455,643</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Professional Registration			Judicial Protection and Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes:						
Sales and Use	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Cigarette	—	—	—	—	—	—
Fuel	—	—	—	—	—	—
County Foreign Insurance	—	—	—	—	—	—
Liquor/Wine	—	—	—	—	—	—
Reimbursement/Miscellaneous	231	232	1	—	—	—
Total Taxes	231	232	1	—	—	—
Licenses, Fees, and Permits	18,176	18,263	87	33,950	32,701	(1,249)
Leases and Rentals	—	—	—	—	—	—
Sales	—	—	—	—	—	—
Services	—	—	—	865	833	(32)
Contributions and Intergovernmental	2	2	—	2,663	2,565	(98)
Interest	—	—	—	151	146	(5)
Penalties and Unclaimed Property	423	425	2	891	858	(33)
Cost Reimbursement/ Miscellaneous	207	208	1	1,513	1,457	(56)
Total Revenues	19,039	19,130	91	40,033	38,560	(1,473)
Expenditures:						
Current:						
General Government	28	11	17	22,462	12,112	10,350
Education	2,150	1,868	282	—	—	—
Natural and Economic Resources	10,023	7,990	2,033	1,184	367	817
Transportation and Law Enforcement	—	—	—	36,416	24,257	12,159
Human Services	—	—	—	751	557	194
Total Expenditures	12,201	9,869	2,332	60,813	37,293	23,520
Excess Revenues	6,838	9,261	2,423	(20,780)	1,267	22,047
Other Financing Sources (Uses):						
Transfers In	320	10	(310)	1,840	1,516	(324)
Transfers Out	(13,256)	(10,560)	2,696	(2,378)	(1,984)	394
Total Other Financing Sources (Uses)	(12,936)	(10,550)	2,386	(538)	(468)	70
Net Change in Fund Balances	(6,098)	(1,289)	4,809	(21,318)	799	22,117
Fund Balances - Beginning	58,388	58,388	—	31,399	31,399	—
Fund Balances - Ending	\$ 52,290	\$ 57,099	\$ 4,809	\$ 10,081	\$ 32,198	\$ 22,117
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(43,405)			(24,476)	
Investments at Fair Value		43,285			24,408	
Receivables, Net		—			1,638	
Due from Other Funds		—			—	
Inventories		27			8	
Accounts Payable		(319)			(1,028)	
Accrued Payroll		(235)			(437)	
Due to Other Funds		(65)			(281)	
Deferred Inflows of Resources		—			(30)	
Fund Balance per GAAP		\$ 56,387			\$ 32,000	

Agriculture and State Fair			Social Assistance		
Budget	Actual	Variance	Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	38,825	39,311	486
—	—	—	—	—	—
—	—	—	—	—	—
4,337	4,417	80	—	—	—
—	—	—	60,240	60,993	753
4,337	4,417	80	99,065	100,304	1,239
11,435	11,647	212	18,406	18,636	230
—	—	—	—	—	—
10	10	—	806	817	11
—	—	—	1	1	—
279	284	5	335,566	339,760	4,194
44	45	1	259	262	3
—	—	—	16	16	—
125	127	2	58,945	59,681	736
16,230	16,530	300	513,064	519,477	6,413
230	56	174	5,101	3,466	1,635
—	—	—	3,178	2,153	1,025
14,290	12,696	1,594	6,946	3,905	3,041
—	—	—	5,353	2,538	2,815
—	—	—	512,255	495,363	16,892
14,520	12,752	1,768	532,833	507,425	25,408
1,710	3,778	2,068	(19,769)	12,052	31,821
12	12	—	286,857	220,353	(66,504)
(3,937)	(3,692)	245	(315,010)	(227,997)	87,013
(3,925)	(3,680)	245	(28,153)	(7,644)	20,509
(2,215)	98	2,313	(47,922)	4,408	52,330
8,874	8,874	—	49,658	49,658	—
\$ 6,659	\$ 8,972	\$ 2,313	\$ 1,736	\$ 54,066	\$ 52,330
	(6,532)			(41,070)	
	8,682			40,991	
	1,963			5,346	
	—			—	
	11			10	
	(172)			(40,110)	
	(340)			(314)	
	(19)			(117)	
	(8)			(404)	
	\$ 12,557			\$ 18,398	

This schedule is continued on pages 162 - 163

	Transportation and Law Enforcement			Unemployment and Workers' Compensation		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes:						
Sales and Use	\$ 9,290	\$ 9,610	\$ 320	\$ —	\$ —	\$ —
Cigarette	—	—	—	—	—	—
Fuel	710,959	735,444	24,485	—	—	—
County Foreign Insurance	—	—	—	—	—	—
Liquor/Wine	—	—	—	—	—	—
Reimbursement/Miscellaneous	—	—	—	152,074	118,512	(33,562)
Total Taxes	720,249	745,054	24,805	152,074	118,512	(33,562)
Licenses, Fees, and Permits	200,837	207,754	6,917	—	—	—
Leases and Rentals	—	—	—	—	—	—
Sales	6,717	6,948	231	—	—	—
Services	—	—	—	—	—	—
Contributions and Intergovernmental	730	755	25	3,557	2,772	(785)
Interest	533	552	19	341	266	(75)
Penalties and Unclaimed Property	514	532	18	4,635	3,612	(1,023)
Cost Reimbursement/ Miscellaneous	2,038	2,108	70	417	325	(92)
Total Revenues	931,618	963,703	32,085	161,024	125,487	(35,537)
Expenditures:						
Current:						
General Government	221,503	218,911	2,592	22,417	10,201	12,216
Education	—	—	—	—	—	—
Natural and Economic Resources	—	—	—	156,702	113,572	43,130
Transportation and Law Enforcement	309,576	274,090	35,486	—	—	—
Human Services	—	—	—	—	—	—
Total Expenditures	531,079	493,001	38,078	179,119	123,773	55,346
Excess Revenues	400,539	470,702	70,163	(18,095)	1,714	19,809
Other Financing Sources (Uses):						
Transfers In	562,596	545,597	(16,999)	—	—	—
Transfers Out	(1,059,978)	(1,018,911)	41,067	(10,128)	(8,166)	1,962
Total Other Financing Sources (Uses)	(497,382)	(473,314)	24,068	(10,128)	(8,166)	1,962
Net Change in Fund Balances	(96,843)	(2,612)	94,231	(28,223)	(6,452)	21,771
Fund Balances - Beginning	100,828	100,828	—	52,982	52,982	—
Fund Balances - Ending	\$ 3,985	\$ 98,216	\$ 94,231	\$ 24,759	\$ 46,530	\$ 21,771
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(50,180)			(35,370)	
Investments at Fair Value		52,877			35,272	
Receivables, Net		127,119			24,092	
Due from Other Funds		—			3,377	
Inventories		4,012			—	
Accounts Payable		(4,136)			(37,061)	
Accrued Payroll		(7,666)			(510)	
Due to Other Funds		(213)			(159)	
Deferred Inflows of Resources		(5,571)			(635)	
Fund Balance per GAAP		\$ 214,458			\$ 35,536	

This schedule is continued from page 161.

Reimbursements and Other			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ 9,290	\$ 9,610	\$ 320
—	—	—	38,825	39,311	486
—	—	—	710,959	735,444	24,485
178	178	—	178	178	—
—	—	—	4,337	4,417	80
—	—	—	212,545	179,737	(32,808)
178	178	—	976,134	968,697	(7,437)
108,453	108,076	(377)	391,257	397,077	5,820
1	1	—	1	1	—
657	654	(3)	8,190	8,429	239
28	28	—	894	862	(32)
1,092	1,088	(4)	343,889	347,226	3,337
482	480	(2)	1,810	1,751	(59)
1,523	1,518	(5)	8,002	6,961	(1,041)
22,922	22,842	(80)	86,167	86,748	581
135,336	134,865	(471)	1,816,344	1,817,752	1,408
12,050	6,137	5,913	283,791	250,894	32,897
—	—	—	5,328	4,021	1,307
107,897	87,046	20,851	297,042	225,576	71,466
44,624	37,975	6,649	395,969	338,860	57,109
4,325	3,348	977	517,331	499,268	18,063
168,896	134,506	34,390	1,499,461	1,318,619	180,842
(33,560)	359	33,919	316,883	499,133	182,250
84,438	71,749	(12,689)	936,063	839,237	(96,826)
(98,757)	(61,595)	37,162	(1,503,444)	(1,332,905)	170,539
(14,319)	10,154	24,473	(567,381)	(493,668)	73,713
(47,879)	10,513	58,392	(250,498)	5,465	255,963
81,944	81,944	—	384,073	384,073	—
\$ 34,065	\$ 92,457	\$ 58,392	\$ 133,575	\$ 389,538	\$ 255,963
	(70,234)			(271,267)	
	70,066			275,581	
	2,196			162,354	
	—			3,377	
	269			4,337	
	(5,474)			(88,300)	
	(2,650)			(12,152)	
	(140)			(994)	
	(183)			(6,831)	
	\$ 86,307			\$ 455,643	



*The **Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

Debt Service Funds:

Water Pollution Control Bond and Interest - Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

Fourth State Building Bond and Interest - Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

Stormwater Control Bond and Interest - Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

Fulton State Hospital Bond and Interest - Accounts for moneys used to pay the principal of the Fulton State Hospital Bonds and the interest thereon.

Missouri Road Bond - Accounts for moneys used to pay bonds issued by the Highway and Transportation Commission.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2017
(In Thousands of Dollars)**

	Water Pollution Control Bond and Interest	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Fulton State Hospital Bond and Interest	Missouri Road Bond	Totals June 30, 2017
ASSETS						
Cash and Cash Equivalents	\$ 3,996	\$ 3,684	\$ 254	\$ 1,761	\$ 19,382	\$ 29,077
Investments	24,280	22,388	1,542	10,698	21,840	80,748
Accounts Receivable, Net	—	—	—	—	15,230	15,230
Interest Receivable	63	59	4	26	76	228
Total Assets	<u>\$ 28,339</u>	<u>\$ 26,131</u>	<u>\$ 1,800</u>	<u>\$ 12,485</u>	<u>\$ 56,528</u>	<u>\$ 125,283</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 39</u>	<u>\$ 36</u>	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ 94</u>
FUND BALANCES						
Restricted	<u>28,300</u>	<u>26,095</u>	<u>1,797</u>	<u>12,469</u>	<u>56,528</u>	<u>125,189</u>
Total Fund Balances	<u>28,300</u>	<u>26,095</u>	<u>1,797</u>	<u>12,469</u>	<u>56,528</u>	<u>125,189</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,339</u>	<u>\$ 26,131</u>	<u>\$ 1,800</u>	<u>\$ 12,485</u>	<u>\$ 56,528</u>	<u>\$ 125,283</u>

Note: There were no liabilities for fiscal year ended June 30, 2017.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Fulton State Hospital Bond and Interest	Missouri Road Bond	Totals June 30, 2017
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 178,801	\$ 178,801
Contributions and Intergovernmental	—	—	—	—	4,972	4,972
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	(150)	(142)	(9)	(65)	(101)	(467)
Interest	230	219	14	92	508	1,063
Total Revenues	80	77	5	27	184,180	184,369
Expenditures:						
Current:						
Transportation and Law Enforcement	—	—	—	—	8	8
Debt Service:						
Principal	25,865	26,890	1,295	2,320	124,395	180,765
Interest	4,249	3,136	494	4,618	56,250	68,747
Issuance Cost	—	—	—	336	—	336
Total Expenditures	30,114	30,026	1,789	7,274	180,653	249,856
Excess Revenues (Expenditures)	(30,034)	(29,949)	(1,784)	(7,247)	3,527	(65,487)
Other Financing Sources (Uses):						
Transfers In	27,921	25,760	1,739	6,911	—	62,331
Total Other Financing Sources (Uses)	27,921	25,760	1,739	6,911	—	62,331
Net Change in Fund Balances	(2,113)	(4,189)	(45)	(336)	3,527	(3,156)
Fund Balances - Beginning	30,413	30,284	1,842	12,805	53,001	128,345
Fund Balances - Ending	\$ 28,300	\$ 26,095	\$ 1,797	\$ 12,469	\$ 56,528	\$ 125,189

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Fourth State Building Bond and Interest		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Vehicle Sales and Use Tax	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	195	223	28	200	213	13
Total Revenues	195	223	28	200	213	13
Expenditures:						
Debt Service	30,114	30,114	—	30,026	30,026	—
Total Expenditures	30,114	30,114	—	30,026	30,026	—
Excess Revenues (Expenditures)	(29,919)	(29,891)	28	(29,826)	(29,813)	13
Other Financing Sources (Uses):						
Transfers In	28,040	28,040	—	25,880	25,879	(1)
Transfers Out	(119)	(119)	—	(120)	(120)	—
Total Other Financing Sources (Uses)	27,921	27,921	—	25,760	25,759	(1)
Net Change in Fund Balances	(1,998)	(1,970)	28	(4,066)	(4,054)	12
Fund Balances - Beginning	30,348	30,348	—	30,220	30,220	—
Fund Balances - Ending	<u>\$ 28,350</u>	<u>\$ 28,378</u>	<u>\$ 28</u>	<u>\$ 26,154</u>	<u>\$ 26,166</u>	<u>\$ 12</u>
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(24,382)			(22,482)	
Investments at Fair Value		24,280			22,388	
Receivables, Net		63			59	
Deferred Inflows of Resources		(39)			(36)	
Fund Balances - GAAP Basis		<u>\$ 28,300</u>			<u>\$ 26,095</u>	

Stormwater Control Bond and Interest			Fulton State Hospital Bond and Interest		
Budget	Actual	Variance	Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
12	14	2	84	89	5
12	14	2	84	89	5
1,789	1,789	—	14,200	7,274	6,926
1,789	1,789	—	14,200	7,274	6,926
(1,777)	(1,775)	2	(14,116)	(7,185)	6,931
1,740	1,739	(1)	7,200	6,911	(289)
—	—	—	—	—	—
1,740	1,739	(1)	7,200	6,911	(289)
(37)	(36)	1	(6,916)	(274)	6,642
1,838	1,838	—	12,778	12,778	—
\$ 1,801	\$ 1,802	\$ 1	\$ 5,862	\$ 12,504	\$ 6,642
	(1,548)			(10,743)	
	1,542			10,698	
	4			26	
	(3)			(16)	
	\$ 1,797			\$ 12,469	

This schedule is continued on page 170.

	Missouri Road Bond			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Vehicle Sales and Use Tax	\$ 178,265	\$ 179,788	\$ 1,523	\$ 178,265	\$ 179,788	\$ 1,523
Interest	212	574	362	703	1,113	410
Total Revenues	178,477	180,362	1,885	178,968	180,901	1,933
Expenditures:						
Debt Service	175,866	175,678	188	251,995	244,881	7,114
Total Expenditures	175,866	175,678	188	251,995	244,881	7,114
Excess Revenues (Expenditures)	2,611	4,684	2,073	(73,027)	(63,980)	9,047
Other Financing Sources (Uses):						
Transfers In	—	—	—	62,860	62,569	(291)
Transfers Out	—	—	—	(239)	(239)	—
Total Other Financing Sources (Uses)	—	—	—	62,621	62,330	(291)
Net Change in Fund Balances	2,611	4,684	2,073	(10,406)	(1,650)	8,756
Fund Balances - Beginning	36,676	36,676	—	111,860	111,860	—
Fund Balances - Ending	<u>\$ 39,287</u>	<u>\$ 41,360</u>	<u>\$ 2,073</u>	<u>\$ 101,454</u>	<u>\$ 110,210</u>	<u>\$ 8,756</u>
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(21,978)			(81,133)	
Investments at Fair Value		21,840			80,748	
Receivables, Net		15,306			15,458	
Deferred Inflows of Resources		—			(94)	
Fund Balances - GAAP Basis		<u>\$ 56,528</u>			<u>\$ 125,189</u>	

This schedule is continued from page 169.



*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

Non-Major Capital Projects Funds:

Board of Public Buildings - Accounts for bond sale proceeds to be used for renovating state buildings and structures.

Fulton State Hospital - Accounts for proceeds from the sale of bonds to be used for the completion of the design and construction of the replacement for Fulton State Hospital.

State Historical Society - Accounts for proceeds from the sale of bonds to be used for the design, acquisition, and construction of the building for the State Historical Society.

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2017
(In Thousands of Dollars)

	Board of Public Buildings	Fulton State Hospital	State Historical Society	Totals June 30, 2017
ASSETS				
Cash and Cash Equivalents	\$ 9,281	\$ 15,643	\$ 4,740	\$ 29,664
Investments	56,396	95,055	28,801	180,252
Interest Receivable	209	252	75	536
Total Assets	<u>\$ 65,886</u>	<u>\$ 110,950</u>	<u>\$ 33,616</u>	<u>\$ 210,452</u>
LIABILITIES				
Accounts Payable	\$ 26,209	\$ 5,151	\$ 10	\$ 31,370
Total Liabilities	<u>26,209</u>	<u>5,151</u>	<u>10</u>	<u>31,370</u>
DEFERRED INFLOWS OF RESOURCES	<u>128</u>	<u>154</u>	<u>46</u>	<u>328</u>
FUND BALANCES				
Restricted	57,177	105,645	33,560	196,382
Unassigned	(17,628)	—	—	(17,628)
Total Fund Balances	<u>39,549</u>	<u>105,645</u>	<u>33,560</u>	<u>178,754</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 65,886</u>	<u>\$ 110,950</u>	<u>\$ 33,616</u>	<u>\$ 210,452</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Board of Public Buildings	Fulton State Hospital	State Historical Society	Totals June 30, 2017
Revenues:				
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	\$ (515)	\$ (494)	\$ (176)	\$ (1,185)
Interest	992	705	259	1,956
Total Revenues	477	211	83	771
Expenditures:				
Current:				
General Government	995	—	1,275	2,270
Education	99,513	—	—	99,513
Natural and Economic Resources	1,128	—	—	1,128
Transportation and Law Enforcement	509	—	—	509
Human Services	7,182	599	—	7,781
Capital Outlay:				
General Government	14,057	—	—	14,057
Education	348	—	—	348
Natural and Economic Resources	2,027	—	—	2,027
Transportation and Law Enforcement	2,110	—	—	2,110
Human Services	1,661	53,254	—	54,915
Debt Service:				
Underwriter's Discount	—	972	—	972
Total Expenditures	129,530	54,825	1,275	185,630
Excess Revenues (Expenditures)	(129,053)	(54,614)	(1,192)	(184,859)
Other Financing Sources (Uses):				
Proceeds from Bonds	—	97,225	—	97,225
Bond Premium	—	5,877	—	5,877
Total Other Financing Sources (Uses)	—	103,102	—	103,102
Net Change in Fund Balances	(129,053)	48,488	(1,192)	(81,757)
Fund Balances - Beginning	168,602	57,157	34,752	260,511
Fund Balances - Ending	\$ 39,549	\$ 105,645	\$ 33,560	\$ 178,754



*The **Permanent Funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

Permanent Funds:

Arrow Rock State Historic Site Endowment - Accounts for moneys transferred from the State Parks Earnings Fund, as well as other moneys or property received by grant, gift, donation, or bequest specified for the enhancement of the Arrow Rock State Historic Site.

Confederate Memorial Park - Accounts for the income from investments acquired by gifts, donations, and bequests to be used for the maintenance of the Confederate Memorial Park.

State Public School - Accounts for all moneys, bonds, lands, and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

Smith Memorial Endowment Trust - Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
PERMANENT FUNDS
June 30, 2017
(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals June 30, 2017
ASSETS					
Cash and Cash Equivalents	\$ 7	\$ 43	\$ 550	\$ 89	\$ 689
Investments	22	136	54,503	281	54,942
Total Assets	<u>\$ 29</u>	<u>\$ 179</u>	<u>\$ 55,053</u>	<u>\$ 370</u>	<u>\$ 55,631</u>
FUND BALANCES					
Nonspendable	\$ 29	\$ 75	\$ 55,053	\$ 365	\$ 55,522
Assigned	—	104	—	5	109
Total Fund Balances	<u>29</u>	<u>179</u>	<u>55,053</u>	<u>370</u>	<u>55,631</u>
Total Liabilities and Fund Balances	<u>\$ 29</u>	<u>\$ 179</u>	<u>\$ 55,053</u>	<u>\$ 370</u>	<u>\$ 55,631</u>

Note: There were no liabilities for the fiscal year ended June 30, 2017.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS

For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals June 30, 2017
Revenues:					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	\$ —	\$ —	\$ (371)	\$ —	\$ (371)
Interest	1	2	—	3	6
Penalties and Unclaimed Properties	—	—	3,169	—	3,169
Contributions and Intergovernmental	—	—	50	—	50
Total Revenues	<u>1</u>	<u>2</u>	<u>2,848</u>	<u>3</u>	<u>2,854</u>
Net Change in Fund Balances	1	2	2,848	3	2,854
Fund Balances - Beginning	<u>28</u>	<u>177</u>	<u>52,205</u>	<u>367</u>	<u>52,777</u>
Fund Balances - Ending	<u><u>\$ 29</u></u>	<u><u>\$ 179</u></u>	<u><u>\$ 55,053</u></u>	<u><u>\$ 370</u></u>	<u><u>\$ 55,631</u></u>

Note: There were no expenditures for the fiscal year ended June 30, 2017.

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ALL APPROPRIATED PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	<u>Arrow Rock State Historic Site Endowment</u>			<u>Confederate Memorial Park</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:						
Interest	\$ —	\$ 1	\$ 1	\$ 2	\$ 2	\$ —
Contributions and Intergovernmental	—	—	—	—	—	—
Penalties and Unclaimed	—	—	—	—	—	—
Property	—	—	—	—	—	—
Reimbursement/Miscellaneous	—	—	—	—	—	—
Total Revenues	—	1	1	2	2	—
Expenditures:						
Current:						
Human Services	—	—	—	—	—	—
Total Expenditures	—	—	—	—	—	—
Excess Revenues (Expenditures)	—	1	1	2	2	—
Other Financing Sources (Uses):						
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Changes in Fund Balances	—	1	1	2	2	—
Fund Balances - Beginning	28	28	—	177	177	—
Fund Balances - Ending	<u>\$ 28</u>	<u>\$ 29</u>	<u>\$ 1</u>	<u>\$ 179</u>	<u>\$ 179</u>	<u>\$ —</u>
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(22)			(136)	
Investments at Fair Value		22			136	
Fund Balance - GAAP Basis		<u>\$ 29</u>			<u>\$ 179</u>	

State Public School			Smith Memorial Endowment Trust		
Budget	Actual	Variance	Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ 2	\$ 3	\$ 1
—	50	50	—	—	—
—	1,031	1,031	—	—	—
—	534	534	—	—	—
—	1,615	1,615	2	3	1
—	—	—	10	—	10
—	—	—	10	—	10
—	1,615	1,615	(8)	3	11
2,138	2,138	—	—	—	—
—	—	—	—	—	—
2,138	2,138	—	—	—	—
2,138	3,753	1,615	(8)	3	11
39,379	39,379	—	367	367	—
\$ 41,517	\$ 43,132	\$ 1,615	\$ 359	\$ 370	\$ 11
	(42,582)			(281)	
	54,503			281	
	\$ 55,053			\$ 370	

This schedule is continued on page 181.

	Totals		
	Budget	Actual	Variance
Revenues:			
Interest	\$ 4	\$ 6	\$ 2
Contributions and Intergovernmental	—	50	50
Penalties and Unclaimed			
Property	—	1,031	1,031
Reimbursement/Miscellaneous	—	534	534
Total Revenues	4	1,621	1,617
Expenditures:			
Current:			
Human Services	10	—	10
Total Expenditures	10	—	10
Excess Revenues (Expenditures)	(6)	1,621	1,627
Other Financing Sources (Uses):			
Transfers In	2,138	2,138	—
Transfers Out	—	—	—
Total Other Financing Sources (Uses)	2,138	2,138	—
Net Changes in Fund Balances	2,132	3,759	1,627
Fund Balances - Beginning	39,951	39,951	—
Fund Balances - Ending	\$ 42,083	\$ 43,710	\$ 1,627
Reconciling Items:			
Reclassifying Cash Equivalents as Investments		(43,021)	
Investments at Fair Value		54,942	
Fund Balance - GAAP Basis		\$ 55,631	

This schedule is continued from page 180.



*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

Non-Major Enterprise Funds:

State Fair Fees - Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the State Fair.

State Parks - Accounts for park concessions and contributions which are used to acquire and operate state parks.

Natural Resources Revolving Services - Accounts for moneys received from the delivery of services and the sale or resale of maps, plats, reports, studies, records, and other publications and documents.

Historic Preservation Revolving - Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain, or operate any historical properties.

Missouri Veterans' Homes - Accounts for fees to provide services for persons confined to one of the veterans' homes.

State Agency for Surplus Property - Accounts for the surplus property operation.

Department of Revenue Information - Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

STATE OF MISSOURI
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2017
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 448	\$ 2,013	\$ 295
Investments	1,416	6,362	933
Accounts Receivable, Net	—	—	—
Interest Receivable	3	14	—
Due from Other Funds	1	—	16
Inventories	3	759	347
Loans Receivable	—	—	—
Total Current Assets	<u>1,871</u>	<u>9,148</u>	<u>1,591</u>
Non-Current Assets:			
Capital Assets:			
Construction in Progress	—	45,445	—
Land	—	32,249	—
Land Improvements	75	18,238	—
Temporary Easements	—	50	—
Buildings	722	23,427	—
Equipment	561	12,643	17,646
Software	—	—	—
Less Accumulated Depreciation/Amortization	(812)	(32,770)	(11,117)
Total Non-Current Assets	<u>546</u>	<u>99,282</u>	<u>6,529</u>
Total Assets	<u>2,417</u>	<u>108,430</u>	<u>8,120</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>288</u>	<u>799</u>	<u>34</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	74	246	55
Accrued Payroll	24	125	2
Due to Other Funds	2	1	4
Unearned Revenue	—	574	—
Obligations Under Lease Purchase	—	—	128
Compensated Absences	8	95	4
Total Current Liabilities	<u>108</u>	<u>1,041</u>	<u>193</u>
Non-Current Liabilities:			
Compensated Absences	—	258	1
Net Pension Liability	673	3,041	113
Total Non-Current Liabilities	<u>673</u>	<u>3,299</u>	<u>114</u>
Total Liabilities	<u>781</u>	<u>4,340</u>	<u>307</u>
DEFERRED INFLOWS OF RESOURCES	<u>8</u>	<u>22</u>	<u>1</u>
NET POSITION			
Net Investment in Capital Assets	546	99,282	6,401
Unrestricted	1,370	5,585	1,445
Total Net Position	<u>\$ 1,916</u>	<u>\$ 104,867</u>	<u>\$ 7,846</u>

Historic Preservation Revolving	Missouri Veterans' Homes	State Agency For Surplus Property	Department of Revenue Information	Totals June 30, 2017
\$ 331	\$ 227	\$ 602	\$ 259	\$ 4,175
1,048	719	1,904	820	13,202
—	8,924	66	24	9,014
13	6	5	—	41
—	—	—	—	17
—	508	—	—	1,617
488	—	—	—	488
1,880	10,384	2,577	1,103	28,554
—	—	—	—	45,445
—	—	—	—	32,249
—	409	250	—	18,972
—	—	—	—	50
480	1,217	1,909	—	27,755
12	11,248	1,213	96	43,419
—	15	155	—	170
(219)	(6,533)	(2,123)	(96)	(53,670)
273	6,356	1,404	—	114,390
2,153	16,740	3,981	1,103	142,944
134	41,048	485	—	42,788
4	1,624	21	—	2,024
8	2,295	25	—	2,479
—	47	5	—	59
—	115	—	—	689
—	—	—	—	128
12	3,465	46	—	3,630
24	7,546	97	—	9,009
2	—	6	—	267
316	95,782	1,420	—	101,345
318	95,782	1,426	—	101,612
342	103,328	1,523	—	110,621
4	1,166	14	—	1,215
273	6,356	1,404	—	114,262
1,668	(53,062)	1,525	1,103	(40,366)
\$ 1,941	\$ (46,706)	\$ 2,929	\$ 1,103	\$ 73,896

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services
Operating Revenues:			
Licenses, Fees, and Permits	\$ 3,426	\$ 6,823	\$ 45
Sales	—	1,476	121
Leases and Rentals	1,200	2,731	—
Charges for Services	—	188	251
Cost Reimbursement/Miscellaneous	1	504	42
Total Operating Revenues	<u>4,627</u>	<u>11,722</u>	<u>459</u>
Operating Expenses:			
Cost of Goods Sold	—	—	596
Personal Service	1,388	2,231	68
Operations	3,052	5,933	151
Specific Programs	7	23	—
Depreciation/Amortization	60	1,623	1,242
Other Charges	200	261	2
Total Operating Expenses	<u>4,707</u>	<u>10,071</u>	<u>2,059</u>
Operating Income (Loss)	<u>(80)</u>	<u>1,651</u>	<u>(1,600)</u>
Non-Operating Revenues (Expenses):			
Contributions and Intergovernmental	151	9,804	875
Interest Expense	—	—	(9)
Investment Earnings:			
Net Increase (Decrease) in the Fair Value of Investments	(5)	(29)	(4)
Interest	12	69	—
Penalties and Unclaimed Properties	—	76	—
Disposal of Capital Assets	—	(18)	(46)
Extraordinary Item	—	(153)	—
Total Non-Operating Revenues	<u>158</u>	<u>9,749</u>	<u>816</u>
Income (Loss) Before Transfers	78	11,400	(784)
Capital Contributions	—	920	—
Transfers In	—	—	2
Transfers Out	—	—	—
Change in Net Position	<u>78</u>	<u>12,320</u>	<u>(782)</u>
Total Net Position - Beginning	<u>1,838</u>	<u>92,547</u>	<u>8,628</u>
Total Net Position - Ending	<u>\$ 1,916</u>	<u>\$ 104,867</u>	<u>\$ 7,846</u>

Historic Preservation Revolving	Missouri Veterans' Home	State Agency For Surplus Property	Department of Revenue Information	Totals June 30, 2017
\$ —	\$ —	\$ —	\$ —	\$ 10,294
—	358	1,704	852	4,511
—	—	—	—	3,931
—	26,146	182	—	26,767
—	—	181	3	731
—	26,504	2,067	855	46,234
—	—	879	—	1,475
301	91,637	1,154	—	96,779
80	20,507	290	12	30,025
853	1,269	—	—	2,152
10	1,122	194	—	4,251
3	88	3	—	557
1,247	114,623	2,520	12	135,239
(1,247)	(88,119)	(453)	843	(89,005)
—	73,087	—	—	83,917
—	—	—	—	(9)
(4)	(4)	(7)	(2)	(55)
10	30	19	—	140
—	1	—	—	77
—	(170)	—	—	(234)
—	—	—	—	(153)
6	72,944	12	(2)	83,683
(1,241)	(15,175)	(441)	841	(5,322)
—	—	—	—	920
695	4,785	—	---	5,482
—	—	(30)	(1,022)	(1,052)
(546)	(10,390)	(471)	(181)	28
2,487	(36,316)	3,400	1,284	73,868
\$ 1,941	\$ (46,706)	\$ 2,929	\$ 1,103	\$ 73,896

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services
Cash Flows from Operating Activities:			
Receipts from Internal Customers and Users	\$ 91	\$ 325	\$ —
Receipts from External Customers and Users	4,535	10,816	417
Payments to Suppliers	(3,053)	(5,928)	(735)
Payments to Employees	(1,324)	(1,781)	(61)
Payments Made for Program Expense	(7)	(23)	—
Other Receipts	1	504	42
Other Payments	(200)	(261)	(2)
Net Cash Provided (Used) by Operating Activities	<u>43</u>	<u>3,652</u>	<u>(339)</u>
Cash Flows from Non-Capital Financing Activities:			
Loans Made to Outside Entities	—	—	—
Due to/from Other Funds	—	(2)	187
Contributions and Intergovernmental	151	2,590	875
Transfers to/from Other Funds	—	—	—
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>151</u>	<u>2,588</u>	<u>1,062</u>
Cash Flows from Capital and Related Financing Activities:			
Interest Expense	—	—	(9)
Purchases and Construction of Capital Assets	(64)	(12,560)	(875)
Capital Lease Downpayment/Obligations	—	—	(176)
Disposal of Capital Assets	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(64)</u>	<u>(12,560)</u>	<u>(1,060)</u>
Cash Flows from Investing Activities:			
Proceeds from Investment Maturities	—	2,046	—
Purchase of Investments	(421)	—	(29)
Interest and Dividends Received	11	75	—
Penalties and Other Receipts	—	76	—
Net Cash Provided (Used) by Investing Activities	<u>(410)</u>	<u>2,197</u>	<u>(29)</u>
Net Increase (Decrease) in Cash	(280)	(4,123)	(366)
Cash and Cash Equivalents, Beginning of Year	728	6,136	661
Cash and Cash Equivalents, End of Year	<u>\$ 448</u>	<u>\$ 2,013</u>	<u>\$ 295</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (80)	\$ 1,651	\$ (1,600)
Depreciation/Amortization Expense	60	1,623	1,242
Changes in Assets and Liabilities:			
Accounts Receivable	—	—	—
Inventories	1	(88)	9
Deferred Outflows of Resources	(184)	(539)	(21)
Accounts Payable	(2)	94	3
Accrued Payroll	4	79	—
Unearned Revenue	—	(77)	—
Compensated Absences	2	241	—
Net Pension Liability	247	675	29
Deferred Inflows of Resources	(5)	(7)	(1)
Net Cash Provided (Used) by Operating Activities	<u>\$ 43</u>	<u>\$ 3,652</u>	<u>\$ (339)</u>
Non-Cash Financing and Investing Activities:			
Capital Asset Donations	\$ —	\$ 8,134	\$ —
Increase (Decrease) in Fair Value of Investments	(5)	(29)	(4)
Net Non-Cash Financing and Investing Activities	<u>\$ (5)</u>	<u>\$ 8,105</u>	<u>\$ (4)</u>

				Totals
Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	June 30, 2017
\$ —	\$ —	\$ 220	\$ —	\$ 636
—	25,734	1,811	878	44,191
(79)	(20,432)	(1,255)	(12)	(31,494)
(272)	(82,323)	(1,046)	—	(86,807)
(853)	(1,269)	—	—	(2,152)
—	—	181	3	731
(3)	(88)	(3)	—	(557)
<u>(1,207)</u>	<u>(78,378)</u>	<u>(92)</u>	<u>869</u>	<u>(75,452)</u>
36	—	—	—	36
—	(6)	3	—	182
—	73,087	—	—	76,703
<u>695</u>	<u>4,750</u>	<u>(30)</u>	<u>(1,022)</u>	<u>4,393</u>
<u>731</u>	<u>77,831</u>	<u>(27)</u>	<u>(1,022)</u>	<u>81,314</u>
—	—	—	—	(9)
—	(1,612)	(72)	—	(15,183)
—	—	—	—	(176)
—	—	—	—	—
<u>—</u>	<u>(1,612)</u>	<u>(72)</u>	<u>—</u>	<u>(15,368)</u>
16	1,060	—	—	3,122
—	—	(355)	(103)	(908)
14	28	17	—	145
—	1	—	—	77
<u>30</u>	<u>1,089</u>	<u>(338)</u>	<u>(103)</u>	<u>2,436</u>
(446)	(1,070)	(529)	(256)	(7,070)
<u>777</u>	<u>1,297</u>	<u>1,131</u>	<u>515</u>	<u>11,245</u>
<u>\$ 331</u>	<u>\$ 227</u>	<u>\$ 602</u>	<u>\$ 259</u>	<u>\$ 4,175</u>
\$ (1,247)	\$ (88,119)	\$ (453)	\$ 843	\$ (89,005)
10	1,122	194	—	4,251
—	(821)	145	26	(650)
—	(12)	—	—	(90)
(91)	(26,310)	(312)	—	(27,457)
1	87	(86)	—	97
—	97	—	—	180
—	51	—	—	(26)
3	21	—	—	267
118	36,094	426	—	37,589
(1)	(588)	(6)	—	(608)
<u>\$ (1,207)</u>	<u>\$ (78,378)</u>	<u>\$ (92)</u>	<u>\$ 869</u>	<u>\$ (75,452)</u>
\$ —	\$ —	\$ —	\$ —	\$ 8,134
(4)	(4)	(7)	(2)	(55)
<u>\$ (4)</u>	<u>\$ (4)</u>	<u>\$ (7)</u>	<u>\$ (2)</u>	<u>\$ 8,079</u>



*The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

Internal Service Funds:

Natural Resources Cost Allocation - Accounts for the administrative costs of the Department of Natural Resources.

Mental Health Interagency Payments - Accounts for moneys received through interagency agreements for services provided by other agencies.

State Facility Maintenance and Operation - Accounts for moneys collected from tenants for rent to cover the costs of operations in state-owned office buildings and institutions, charges to tenants in leased space to cover costs of real estate administrative services, and charges to capital improvement projects to cover the costs of project management services.

Office of Administration Revolving - Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

Working Capital Revolving - Accounts for the operation of correctional industry programs and correctional farm programs.

General Government Revolving - Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer, and Department of Corrections.

Social Services Administrative Trust - Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

Economic Development Administrative - Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

Professional Registration Fees - Accounts for moneys received from the professional boards for administrative services.

Conservation Employees' Insurance Plan - Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for Department of Conservation employees.

Transportation Self-Insurance Plan - Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

Missouri State Employees' Insurance Plan - Accounts for long-term disability and death benefits provided on a self-insured basis for state employees.

Missouri Consolidated Health Care Plan - Accounts for medical care benefits provided on a self-insured basis for active state employees.

MoDOT and MSHP Medical and Life Insurance Plan - Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

STATE OF MISSOURI
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2017
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 214	\$ 836	\$ 1,199	\$ 2,158	\$ 2,835	\$ 239
Investments	677	2,642	3,790	8,985	8,962	755
Restricted:						
Investments	—	—	—	—	—	—
Accounts Receivable, Net	16	—	—	2,859	721	48,185
Interest Receivable	—	—	—	11	—	—
Due from Other Funds	—	—	15	6,943	98	7
Due from Component Units	—	—	—	2	—	—
Inventories	—	—	1,030	1,261	7,792	—
Prepaid Items	—	—	—	—	—	—
Total Current Assets	907	3,478	6,034	22,219	20,408	49,186
Non-Current Assets:						
Investments	—	—	—	—	—	—
Restricted Assets:						
Cash and Cash Equivalents	—	—	—	688	—	—
Investments	—	—	—	—	—	—
Capital Assets:						
Construction in Progress	—	—	10	218	—	—
Software in Progress	401	—	75	250	—	—
Land	—	—	7,681	—	41	—
Land Improvements	—	—	3,000	—	—	—
Buildings	219	—	477,698	2,952	6,432	—
Equipment	3,393	1,158	14,529	88,261	19,555	374
Software	3,463	603	12	11,407	238	9,467
Less Accumulated Depreciation/Amortization	(4,198)	(1,751)	(209,517)	(80,768)	(22,777)	(9,303)
Total Non-Current Assets	3,278	10	293,488	23,008	3,489	538
Total Assets	4,185	3,488	299,522	45,227	23,897	49,724
DEFERRED OUTFLOWS OF RESOURCES	4,657	—	14,996	7,945	4,585	435
LIABILITIES						
Current Liabilities:						
Bank Overdraft	—	—	—	—	—	—
Accounts Payable	116	92	1,709	1,292	90	673
Accrued Payroll	269	—	815	452	243	5
Due to Other Funds	50	—	45	—	—	1
Unearned Revenue	—	—	—	301	—	—
Claims Liability	—	—	—	—	—	—
Obligations under Lease Purchase	—	—	1,656	4,632	9	—
Compensated Absences	549	—	1,735	823	554	9
Total Current Liabilities	984	92	5,960	7,500	896	688
Non-Current Liabilities:						
Claims Liability	—	—	—	—	—	—
Obligations under Lease Purchase	—	—	27,042	5,800	—	—
Compensated Absences	14	—	113	363	—	4
Net Pension Liability	14,049	—	40,881	21,738	14,679	1,842
Total Non-Current Liabilities	14,063	—	68,036	27,901	14,679	1,846
Total Liabilities	15,047	92	73,996	35,401	15,575	2,534
DEFERRED INFLOWS OF RESOURCES	133	—	427	221	130	15
NET POSITION						
Net Investment in Capital Assets	3,278	10	264,790	11,888	3,480	538
Restricted for:						
Other Purposes	—	—	—	688	—	—
Unrestricted	(9,616)	3,386	(24,695)	4,974	9,297	47,072
Total Net Position	\$ (6,338)	\$ 3,396	\$ 240,095	\$ 17,550	\$ 12,777	\$ 47,610

Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals June 30, 2017
\$ 13 41	\$ 42 136	\$ 224 707	\$ 1,816 7,129	\$ 9,736 6,849	\$ — 3,721	\$ 98,892 37,905	\$ 12,949 705	\$ 131,153 83,004
—	—	—	—	—	—	—	100	100
—	—	—	840	200	967	10,025	2,386	66,199
—	—	—	20	239	—	—	54	324
11	—	—	—	—	—	—	—	7,074
—	—	—	—	—	—	—	—	2
65	2	12	—	—	—	—	—	10,162
—	—	—	—	—	—	190	—	190
130	180	943	9,805	17,024	4,688	147,012	16,194	298,208
—	—	—	—	90,902	—	—	21,238	112,140
—	—	—	—	—	—	—	—	688
—	—	—	—	200	—	—	—	200
—	15	—	—	—	—	—	—	243
—	—	—	—	—	—	—	—	726
—	—	—	—	—	—	—	—	7,722
—	—	—	—	—	—	—	—	3,000
—	—	2,379	—	—	—	—	—	489,680
86	190	939	—	—	—	2,363	—	130,848
—	9	291	—	—	—	—	—	25,490
(35)	(184)	(2,375)	—	—	—	(2,080)	—	(332,988)
51	30	1,234	—	91,102	—	283	21,238	437,749
181	210	2,177	9,805	108,126	4,688	147,295	37,432	735,957
—	774	2,870	—	—	—	2,562	—	38,824
—	—	—	—	—	2	—	—	2
41	14	127	162	33	2,666	17,941	2,040	26,996
—	38	161	—	—	—	—	—	1,983
4	12	36	—	—	—	—	—	148
—	—	—	50	—	2,104	19,638	9,001	31,094
—	—	—	2,592	23,767	—	42,221	12,300	80,880
—	—	3	—	—	—	—	—	6,300
—	75	270	—	—	—	11	—	4,026
45	139	597	2,804	23,800	4,772	79,811	23,341	151,429
—	—	—	—	58,809	—	—	—	58,809
—	—	—	—	—	—	—	—	32,842
—	—	40	—	—	—	194	—	728
—	2,290	7,404	—	—	—	7,266	—	110,149
—	2,290	7,444	—	58,809	—	7,460	—	202,528
45	2,429	8,041	2,804	82,609	4,772	87,271	23,341	353,957
—	22	81	—	—	—	140	—	1,169
51	30	1,231	—	—	—	283	—	285,579
—	—	—	—	200	—	—	100	988
85	(1,497)	(4,306)	7,001	25,317	(84)	62,163	13,991	133,088
\$ 136	\$ (1,467)	\$ (3,075)	\$ 7,001	\$ 25,517	\$ (84)	\$ 62,446	\$ 14,091	\$ 419,655

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration and Revolving	Working Capital Revolving	General Government Revolving
Operating Revenues:						
Employer Contributions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employee Contributions	—	—	—	—	—	—
Medicare Part D Subsidy	—	—	—	—	—	—
Licenses, Fees, and Permits	—	—	—	—	—	14,728
Sales	—	—	—	—	28,112	7
Leases and Rentals	—	—	62,085	—	221	6
Charges for Services	13,559	8,128	5,154	93,961	14	613
Cost Reimbursement/Miscellaneous	62	—	57	1,254	10	13
Total Operating Revenues	13,621	8,128	67,296	95,215	28,357	15,367
Operating Expenses:						
Cost of Goods Sold	—	—	—	10,939	11,561	—
Personal Service	9,066	—	31,958	17,292	9,719	376
Operations	4,634	80	35,018	54,725	5,177	5,198
Specific Programs	6	7,807	27	—	7	3,126
Insurance Benefits	—	—	—	—	—	—
Depreciation/Amortization	603	58	12,603	9,405	780	475
Other Charges	105	—	63	82	1,335	21
Total Operating Expenses	14,414	7,945	79,669	92,443	28,579	9,196
Operating Income (Loss)	(793)	183	(12,373)	2,772	(222)	6,171
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	—	—	24	—	—	—
Interest Expense	(1)	—	(996)	(219)	(1)	—
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	(2)	(10)	(14)	(35)	(33)	(2)
Interest	—	—	—	35	—	—
Disposal of Capital Assets	—	(2)	(19)	66	(100)	—
Total Non-Operating Revenues (Expenses)	(3)	(12)	(1,005)	(153)	(134)	(2)
Income (Loss) Before Transfers	(796)	171	(13,378)	2,619	(356)	6,169
Transfers In	—	153	20	—	6	—
Transfers Out	—	—	—	(2,117)	—	—
Change in Net Position	(796)	324	(13,358)	502	(350)	6,169
Total Net Position - Beginning	(5,542)	3,072	253,453	17,048	13,127	41,441
Total Net Position - Ending	\$ (6,338)	\$ 3,396	\$ 240,095	\$ 17,550	\$ 12,777	\$ 47,610

Social Services Administrative Trust Fund	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals June 30, 2017
\$ —	\$ —	\$ —	\$ 10,896	\$ 20,300	\$ —	\$ 327,234	\$ 83,985	\$ 442,415
—	—	—	7,779	—	28,780	80,960	44,803	162,322
—	—	—	113	—	—	—	6,153	6,266
—	—	—	—	—	—	—	—	14,728
—	—	—	—	—	—	—	—	28,119
—	—	—	—	—	—	—	—	62,312
749	1,756	7,335	—	—	—	—	—	131,269
8	9	3	1,945	235	480	24,834	2,109	31,019
<u>757</u>	<u>1,765</u>	<u>7,338</u>	<u>20,733</u>	<u>20,535</u>	<u>29,260</u>	<u>433,028</u>	<u>137,050</u>	<u>878,450</u>
—	—	—	—	—	—	—	—	22,500
—	1,603	6,087	—	—	405	3,581	—	80,087
921	215	1,514	1,837	1,363	137	1,566	6,098	118,483
—	—	3	—	—	—	—	—	10,976
—	—	—	19,095	8,308	28,770	462,216	136,637	655,026
16	10	188	—	—	—	123	—	24,261
—	17	53	6	—	—	12,773	—	14,455
<u>937</u>	<u>1,845</u>	<u>7,845</u>	<u>20,938</u>	<u>9,671</u>	<u>29,312</u>	<u>480,259</u>	<u>142,735</u>	<u>925,788</u>
<u>(180)</u>	<u>(80)</u>	<u>(507)</u>	<u>(205)</u>	<u>10,864</u>	<u>(52)</u>	<u>(47,231)</u>	<u>(5,685)</u>	<u>(47,338)</u>
—	—	—	—	—	—	—	—	24
—	—	—	—	—	—	—	—	(1,217)
—	—	—	(109)	(1,638)	—	—	(406)	(2,249)
—	—	—	107	1,883	34	894	482	3,435
—	(6)	(2)	—	—	—	—	—	(63)
—	(6)	(2)	(2)	245	34	894	76	(70)
<u>(180)</u>	<u>(86)</u>	<u>(509)</u>	<u>(207)</u>	<u>11,109</u>	<u>(18)</u>	<u>(46,337)</u>	<u>(5,609)</u>	<u>(47,408)</u>
—	—	—	—	—	—	—	—	179
—	—	(10)	—	—	—	—	—	(2,127)
<u>(180)</u>	<u>(86)</u>	<u>(519)</u>	<u>(207)</u>	<u>11,109</u>	<u>(18)</u>	<u>(46,337)</u>	<u>(5,609)</u>	<u>(49,356)</u>
<u>316</u>	<u>(1,381)</u>	<u>(2,556)</u>	<u>7,208</u>	<u>14,408</u>	<u>(66)</u>	<u>108,783</u>	<u>19,700</u>	<u>469,011</u>
<u>\$ 136</u>	<u>\$ (1,467)</u>	<u>\$ (3,075)</u>	<u>\$ 7,001</u>	<u>\$ 25,517</u>	<u>\$ (84)</u>	<u>\$ 62,446</u>	<u>\$ 14,091</u>	<u>\$ 419,655</u>

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration and Revolving	Working Capital Revolving	General Government Revolving
Cash Flows from Operating Activities:						
Receipts from Internal Customers and Users	\$ 13,543	\$ 8,128	\$ 67,239	\$ 90,386	\$ 19,250	\$ 100
Receipts from External Customers and Users	—	—	—	4,164	9,105	8,751
Payments to Suppliers	(4,930)	12	(34,756)	(66,071)	(15,973)	(5,019)
Payments to Employees	(7,959)	—	(28,586)	(15,365)	(8,763)	(168)
Payments Made for Program Expense	(6)	(7,807)	(27)	—	(7)	(3,126)
Other Receipts	62	—	57	1,254	10	13
Other Payments	(105)	—	(63)	(82)	(1,335)	(21)
Net Cash Provided (Used) by Operating Activities	605	333	3,864	14,286	2,287	530
Cash Flows from Non-Capital Financing Activities:						
Due to/from Other Funds	(62)	136	29	760	62	(98)
Due to/from Component Units	—	—	—	(1)	—	—
Contributions and Intergovernmental	—	—	24	—	—	—
Transfers to/from Other Funds	—	153	—	(2,117)	—	—
Net Cash Provided (Used) by Non-Capital Financing Activities	(62)	289	53	(1,358)	62	(98)
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	(1)	—	(996)	(219)	(1)	—
Purchases and Construction of Capital Assets	(596)	—	—	(6,627)	(818)	—
Capital Lease Downpayment/Obligations	(40)	—	(2,791)	(7,163)	(22)	—
Disposal of Capital Assets	—	—	193	—	—	1
Net Cash Provided (Used) by Capital and Related Financing Activities	(637)	—	(3,594)	(14,009)	(841)	1
Cash Flows from Investing Activities:						
Proceeds from Sales and Investment Maturities	—	—	—	—	—	—
Purchase of Investments	(106)	(993)	(1,095)	(1,555)	(3,019)	(431)
Interest and Dividends Received	—	—	—	31	—	—
Investment Fees	—	—	—	—	—	—
Net Cash Provided (Used) by Investing Activities	(106)	(993)	(1,095)	(1,524)	(3,019)	(431)
Net Increase (Decrease) in Cash	(200)	(371)	(772)	(2,605)	(1,511)	2
Cash and Cash Equivalents, Beginning of Year	414	1,207	1,971	5,451	4,346	237
Cash and Cash Equivalents, End of Year	\$ 214	\$ 836	\$ 1,199	\$ 2,846	\$ 2,835	\$ 239
Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (793)	\$ 183	\$ (12,373)	\$ 2,772	\$ (222)	\$ 6,171
Depreciation/Amortization Expense	603	58	12,603	9,405	780	475
Changes in Assets and Liabilities:						
Accounts Receivable	(16)	—	—	639	8	(6,503)
Inventories	—	—	82	53	736	—
Deferred Outflows of Resources	(2,988)	—	(9,666)	(5,173)	(2,925)	(270)
Prepaid Items	—	—	—	—	—	—
Accounts Payable	(296)	92	180	(460)	29	179
Accrued Payroll	31	—	27	68	9	—
Unearned Revenue	—	—	—	(50)	—	—
Claims Liability	—	—	—	—	—	—
Compensated Absences	(14)	—	(25)	294	(70)	—
Net Pension Liability	4,141	—	13,235	6,844	4,012	479
Deferred Inflows of Resources	(63)	—	(199)	(106)	(70)	(1)
Net Cash Provided (Used) by Operating Activities	\$ 605	\$ 333	\$ 3,864	\$ 14,286	\$ 2,287	\$ 530
Non-Cash Financing and Investing Activities:						
Increase (Decrease) in Fair Value of Investments	\$ (2)	\$ (10)	\$ (14)	\$ (35)	\$ (33)	\$ (2)
Net Non-Cash Financing and Investing Activities	\$ (2)	\$ (10)	\$ (14)	\$ (35)	\$ (33)	\$ (2)

Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals June 30, 2017
\$ 743	\$ 1,129	\$ —	\$ 10,914	\$ 20,300	\$ —	\$ 324,762	\$ 83,985	\$ 640,479
6	627	7,335	7,776	—	30,879	80,960	51,963	201,566
(909)	(218)	(1,611)	(1,899)	(1,363)	(2,136)	(3,419)	(6,134)	(144,426)
—	(1,461)	(5,480)	—	—	(405)	(3,017)	—	(71,204)
—	—	(3)	(19,209)	(16,378)	(28,770)	(461,390)	(134,137)	(670,860)
8	9	3	1,945	235	480	24,834	2,109	31,019
—	(17)	(53)	(6)	—	—	(12,773)	—	(14,455)
(152)	69	191	(479)	2,794	48	(50,043)	(2,214)	(27,881)
162	9	11	—	—	—	—	—	1,009
—	—	—	—	—	—	—	—	(1)
—	—	—	—	—	—	—	—	24
—	—	(10)	—	—	—	—	—	(1,974)
162	9	1	—	—	—	—	—	(942)
—	—	—	—	—	—	—	—	(1,217)
—	(5)	(131)	—	—	—	(184)	—	(8,361)
—	—	(5)	—	—	—	—	—	(10,021)
1	—	—	—	—	—	—	—	195
1	(5)	(136)	—	—	—	(184)	—	(19,404)
—	—	—	—	37,620	1,140,376	—	12,170	1,190,166
(16)	(75)	(201)	(449)	(45,056)	(1,140,458)	(47)	(6,704)	(1,200,205)
—	—	—	100	1,835	34	894	506	3,400
—	—	—	—	—	—	—	(23)	(23)
(16)	(75)	(201)	(349)	(5,601)	(48)	847	5,949	(6,662)
(5)	(2)	(145)	(828)	(2,807)	—	(49,380)	3,735	(54,889)
18	44	369	2,644	12,543	(2)	148,272	9,214	186,728
\$ 13	\$ 42	\$ 224	\$ 1,816	\$ 9,736	\$ (2)	\$ 98,892	\$ 12,949	\$ 131,839
\$ (180)	\$ (80)	\$ (507)	\$ (205)	\$ 10,864	\$ (52)	\$ (47,231)	\$ (5,685)	\$ (47,338)
16	10	188	—	—	—	123	—	24,261
—	—	—	(116)	—	(5)	(2,490)	167	(8,316)
24	—	—	—	—	—	—	—	895
—	(509)	(1,865)	—	—	—	(1,595)	—	(24,991)
—	—	—	—	—	—	(57)	—	(57)
(12)	(3)	(97)	(62)	—	(1,999)	(1,796)	(36)	(4,281)
—	(4)	1	—	—	—	—	—	132
—	—	—	18	—	2,104	18	840	2,930
—	—	—	(114)	(8,070)	—	826	2,500	(4,858)
—	(12)	(28)	—	—	—	(11)	—	134
—	675	2,534	—	—	—	2,132	—	34,052
—	(8)	(35)	—	—	—	38	—	(444)
\$ (152)	\$ 69	\$ 191	\$ (479)	\$ 2,794	\$ 48	\$ (50,043)	\$ (2,214)	\$ (27,881)
\$ —	\$ —	\$ —	\$ (109)	\$ (1,638)	\$ —	\$ —	\$ (406)	\$ (2,249)
\$ —	\$ —	\$ —	\$ (109)	\$ (1,638)	\$ —	\$ —	\$ (406)	\$ (2,249)



*The **Fiduciary Funds** account for assets held by the State in a trustee or agent capacity.*

Pension (and Other Employee Benefit) Trust Funds:

Missouri State Employees' Retirement System:

Missouri State Employees' Plan - Accounts for retirement, survivor, and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

Judicial Plan - Accounts for retirement, survivor, and disability benefits to judges in the State of Missouri.

Missouri Department of Transportation and Highway Patrol Employees' Retirement System - Accounts for retirement, survivor, and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust - Accounts for health and welfare benefits paid for the exclusive benefit of current and future retired employees of the State who are not covered under another state-sponsored other post-employment benefit plan.

Missouri State Public Employees' Deferred Compensation Incentive (IRC 401a) Plan - Accounts for retirement benefits paid to employees of the State.

Missouri State Public Employees' Deferred Compensation (IRC 457) Plan - Accounts for deposits from State employees, which are invested for the benefit of the employees until properly authorized to distribute.

Private-Purpose Trust Funds:

Alternative Care Trust - Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

Johnson-Travis Memorial Trust - Accounts for all moneys, stocks, and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop, and maintain the gardens.

Unclaimed Property - Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends, and interest of banks unable to locate the owners.

Agency Funds:

Social Security Contributions - Accounts for the receipt of contributions from various state funds for the State's share of social security contributions, which are due to the Federal Social Security Administration.

Missouri State Employees' Voluntary Life Insurance - Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

Program - Accounts for the receipt of various taxes, refundable deposits, and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

Institution - Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
June 30, 2017
(In Thousands of Dollars)

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Trust	Missouri State Public Employees' Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	June 30, 2017
ASSETS							
Cash and Cash Equivalents	\$ 2,377,143	\$ 40,813	\$ 172	\$ 3,285	\$ 350	\$ 80	\$ 2,421,843
Investments at Fair Value	8,866,366	152,225	2,162,264	108,231	581,642	1,457,759	13,328,487
Invested Securities Lending Collateral Receivables:	—	—	56,823	—	—	—	56,823
Accounts Receivable	41,562	1,936	12,840	27,862	220	631	85,051
Interest Receivable	—	—	5,686	—	—	—	5,686
Prepaid Expenses	104	2	—	—	—	—	106
Capital Assets:							
Land	263	4	84	—	—	—	351
Buildings	4,171	72	582	—	1	3	4,829
Equipment	1,273	22	227	—	5	12	1,539
Software	724	12	3,288	—	1	3	4,028
Accumulated Depreciation/Amortization	(3,171)	(54)	(2,976)	—	(4)	(9)	(6,214)
Total Capital Assets, Net	3,260	56	1,205	—	3	9	4,533
Total Assets	11,288,435	195,032	2,238,990	139,378	582,215	1,458,479	15,902,529
LIABILITIES							
Accounts Payable	25,653	441	10,825	201	30	76	37,226
Obligations under Repurchase Agreements	3,316,828	56,946	—	—	—	—	3,373,774
Securities Lending Obligation	—	—	58,390	—	—	—	58,390
Unearned Revenue	—	—	—	3,846	—	—	3,846
Claims Liability	—	—	—	9,888	—	—	9,888
Compensated Absences	596	10	—	—	—	—	606
Total Liabilities	3,343,077	57,397	69,215	13,935	30	76	3,483,730
Net Position Restricted for Pension Benefits, OPEB, and Deferred Compensation	\$ 7,945,358	\$ 137,635	\$ 2,169,775	\$ 125,443	\$ 582,185	\$ 1,458,403	\$ 12,418,799

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust	Missouri State Public Employees' Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	June 30, 2017
Additions:							
Contributions:							
Employer	\$ 335,217	\$ 34,247	\$ 206,563	\$ 67,399	\$ 38	\$ —	\$ 643,464
Plan Member	27,130	787	3,239	52,170	—	55,042	138,368
Other	3,978	—	3,397	30,514	70,237	1,589	109,715
Total Contributions	366,325	35,034	213,199	150,083	70,275	56,631	891,547
Investment Earnings:							
Increase (Decrease) in							
Appreciation of Assets	329,824	5,663	187,425	—	24,392	102,285	649,589
Interest and Dividends	80,130	1,376	63,059	7,839	10,512	26,872	189,788
Securities Lending Income	88	1	552	—	—	—	641
Total Investment Earnings	410,042	7,040	251,036	7,839	34,904	129,157	840,018
Less Investment Expenses:							
Investment Activity Expense	(137,902)	(2,368)	(30,461)	—	—	—	(170,731)
Securities Lending Expense	(66)	(1)	(274)	—	—	—	(341)
Total Investment Expense	(137,968)	(2,369)	(30,735)	—	—	—	(171,072)
Net Investment Earnings (Loss)	272,074	4,671	220,301	7,839	34,904	129,157	668,946
Cost Reimbursement/ Miscellaneous	522	9	—	—	688	1,763	2,982
Total Additions	638,921	39,714	433,500	157,922	105,867	187,551	1,563,475
Deductions:							
Benefits	787,300	33,980	251,284	142,154	46,908	—	1,261,626
Administrative Expenses	8,550	147	4,145	7,310	607	2,407	23,166
Program Distributions	4,821	5	—	—	—	75,537	80,363
Service Transfer Payments	1,844	—	—	—	—	—	1,844
Depreciation/ Amortization	209	4	370	—	1	2	586
Total Deductions	802,724	34,136	255,799	149,464	47,516	77,946	1,367,585
Change in Net Position	(163,803)	5,578	177,701	8,458	58,351	109,605	195,890
Net Position - Beginning of Year	8,109,161	132,057	1,992,074	116,985	523,834	1,348,798	12,222,909
Net Position - End of Year	\$ 7,945,358	\$ 137,635	\$ 2,169,775	\$ 125,443	\$ 582,185	\$ 1,458,403	\$ 12,418,799

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2017
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2017
ASSETS				
Cash and Cash Equivalents	\$ 571	\$ 199	\$ 6,162	\$ 6,932
Investments at Fair Value	3,046	710	19,465	23,221
Assets Held in Escheat	—	—	23,998	23,998
Account Receivables	15	—	—	15
Interest Receivable	8	1	—	9
Inventories	—	—	1	1
Capital Assets:				
Equipment	—	—	58	58
Software	—	—	99	99
Less: Accumulated Depreciation/Amortization	—	—	(90)	(90)
Total Capital Assets, Net	—	—	67	67
Total Assets	3,640	910	49,693	54,243
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	444	444
LIABILITIES				
Accounts Payable	1,100	—	23	1,123
Accrued Payroll	—	—	23	23
Compensated Absences	—	—	41	41
Net Pension Liability	—	—	1,093	1,093
Total Liabilities	1,100	—	1,180	2,280
DEFERRED INFLOWS OF RESOURCES				
	—	—	12	12
NET POSITION				
Net Position Restricted for Other Purposes	\$ 2,540	\$ 910	\$ 48,945	\$ 52,395

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2017
Additions:				
Increase (Decrease) in Appreciation of Assets	\$ (14)	\$ 1	\$ 7,318	\$ 7,305
Interest	39	8	704	751
Total Investment Earnings	25	9	8,022	8,056
Unclaimed Property	—	—	30,132	30,132
Cost Reimbursement/Miscellaneous	6,962	—	1	6,963
Total Additions	6,987	9	38,155	45,151
Deductions:				
Administrative Expenses	—	—	2,522	2,522
Program Distributions	10,517	—	43,083	53,600
Depreciation/Amortization	—	—	38	38
Total Deductions	10,517	—	45,643	56,160
Change in Net Position	(3,530)	9	(7,488)	(11,009)
Net Position - Beginning	6,070	901	56,433	63,404
Net Position - Ending	\$ 2,540	\$ 910	\$ 48,945	\$ 52,395

**STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2017
(In Thousands of Dollars)**

	Social Security Contributions	Missouri State Employees' Voluntary Life Insurance	Program	Institution	Totals June 30, 2017
ASSETS					
Cash and Cash					
Equivalents	\$ 25	\$ 36	\$ 91,203	\$ 16,163	\$ 107,427
Investments at					
Fair Value	77	113	543,186	18	543,394
Receivables:					
Accounts Receivable	6,241	—	438,574	—	444,815
Interest Receivable	—	—	337	—	337
Total Assets	<u>\$ 6,343</u>	<u>\$ 149</u>	<u>\$ 1,073,300</u>	<u>\$ 16,181</u>	<u>\$ 1,095,973</u>
LIABILITIES					
Accounts Payable	\$ —	\$ —	\$ 33	\$ —	\$ 33
Due to Other Entities	6,343	149	1,063,299	—	1,069,791
Due to Individuals	—	—	9,968	16,181	26,149
Total Liabilities	<u>\$ 6,343</u>	<u>\$ 149</u>	<u>\$ 1,073,300</u>	<u>\$ 16,181</u>	<u>\$ 1,095,973</u>

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>SOCIAL SECURITY CONTRIBUTIONS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 43	\$ 152,784	\$ 152,802	\$ 25
Investments at Fair Value	59	77	59	77
Accounts Receivable	6,140	6,241	6,140	6,241
Total Assets	<u>\$ 6,242</u>	<u>\$ 159,102</u>	<u>\$ 159,001</u>	<u>\$ 6,343</u>
LIABILITIES				
Due to Other Entities	<u>\$ 6,242</u>	<u>\$ 463,882</u>	<u>\$ 463,781</u>	<u>\$ 6,343</u>
<u>MISSOURI STATE EMPLOYEES'</u>				
<u>VOLUNTARY LIFE INSURANCE</u>				
ASSETS				
Cash and Cash Equivalents	\$ 63	\$ 3,653	\$ 3,680	\$ 36
Investments at Fair Value	86	113	86	113
Total Assets	<u>\$ 149</u>	<u>\$ 3,766</u>	<u>\$ 3,766</u>	<u>\$ 149</u>
LIABILITIES				
Due to Other Entities	<u>\$ 149</u>	<u>\$ 3,716</u>	<u>\$ 3,716</u>	<u>\$ 149</u>
<u>PROGRAM</u>				
ASSETS				
Cash and Cash Equivalents	\$ 97,247	\$ 7,715,374	\$ 7,721,418	\$ 91,203
Investments at Fair Value	425,034	572,921	454,769	543,186
Receivables:				
Accounts Receivable	398,767	47,732	7,925	438,574
Interest Receivable	70	1,924	1,657	337
Total Assets	<u>\$ 921,118</u>	<u>\$ 8,337,951</u>	<u>\$ 8,185,769</u>	<u>\$ 1,073,300</u>
LIABILITIES				
Accounts Payable	\$ 33	\$ 393	\$ 393	\$ 33
Due to Other Entities	911,307	8,329,140	8,177,148	1,063,299
Due to Individuals	9,778	22,064	21,874	9,968
Total Liabilities	<u>\$ 921,118</u>	<u>\$ 8,351,597</u>	<u>\$ 8,199,415</u>	<u>\$ 1,073,300</u>
<u>INSTITUTION</u>				
ASSETS				
Cash and Cash Equivalents	\$ 17,163	\$ 155,634	\$ 156,634	\$ 16,163
Investments at Fair Value	20	—	2	18
Total Assets	<u>\$ 17,183</u>	<u>\$ 155,634</u>	<u>\$ 156,636</u>	<u>\$ 16,181</u>
LIABILITIES				
Due to Individuals	<u>\$ 17,183</u>	<u>\$ 155,634</u>	<u>\$ 156,636</u>	<u>\$ 16,181</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 114,516	\$ 8,027,445	\$ 8,034,534	\$ 107,427
Investments at Fair Value	425,199	573,111	454,916	543,394
Receivables:				
Accounts Receivable	404,907	53,973	14,065	444,815
Interest Receivable	70	1,924	1,657	337
Total Assets	<u>\$ 944,692</u>	<u>\$ 8,656,453</u>	<u>\$ 8,505,172</u>	<u>\$ 1,095,973</u>
LIABILITIES				
Accounts Payable	\$ 33	\$ 393	\$ 393	\$ 33
Due to Other Entities	917,698	8,796,738	8,644,645	1,069,791
Due to Individuals	26,961	177,698	178,510	26,149
Total Liabilities	<u>\$ 944,692</u>	<u>\$ 8,974,829</u>	<u>\$ 8,823,548</u>	<u>\$ 1,095,973</u>



*The **Component Units** account for all transactions relating to legally separate entities which, for reporting purposes, are a part of the State.*

Non-Major Component Units:

Missouri Development Finance Board - Accounts for moneys from bond proceeds, gifts, and grants to make loans for industrial development.

Missouri Agricultural and Small Business Development Authority - Accounts for moneys from bond proceeds, gifts, and grants to make loans for property acquisitions/renovations and pollution control facilities.

Missouri Transportation Finance Corporation - Accounts for moneys from federal, state or local sources, and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

Missouri Wine and Grape Board - Accounts for moneys derived from the privilege of selling wine to be used for marketing development in developing programs for growing, selling, and marketing of grape products grown in Missouri.

STATE OF MISSOURI
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS

June 30, 2017
(In Thousands of Dollars)

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals June 30, 2017
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 23,163	\$ 476	\$ 25,613	\$ 229	\$ 49,481
Investments	—	497	27,502	724	28,723
Accounts Receivable, Net	190	—	—	—	190
Interest Receivable	166	2	727	2	897
Inventories	—	—	—	1	1
Restricted Assets:					
Cash and Cash Equivalents	—	596	—	—	596
Investments	—	11,413	—	—	11,413
Interest Receivable	—	32	—	—	32
Loan Receivable	—	—	5,424	—	5,424
Prepaid Items	213	—	—	—	213
Loans Receivable	241	316	—	—	557
Total Current Assets	23,973	13,332	59,266	956	97,527
Non-Current Assets:					
Investments	—	—	24,860	—	24,860
Loans Receivable	25,296	301	—	—	25,597
Restricted Assets:					
Cash and Cash Equivalents	8,356	—	—	—	8,356
Investments	11,957	—	—	—	11,957
Loans Receivables	—	—	22,669	—	22,669
Capital Assets:					
Construction in Progress	204	—	—	—	204
Land	7,220	—	—	—	7,220
Buildings	78,583	—	—	5	78,588
Equipment	437	—	—	42	479
Software & Misc Intangible Assets	23	—	—	3	26
Less Accumulated Depreciation/Amortization	(19,238)	—	—	(26)	(19,264)
Total Non-Current Assets	112,838	301	47,529	24	160,692
Total Assets	136,811	13,633	106,795	980	258,219
DEFERRED OUTFLOWS OF RESOURCES	777	273	—	280	1,330
LIABILITIES					
Current Liabilities:					
Accounts Payable	166	43	3	3	215
Accrued Payroll	—	—	—	15	15
Interest Payable	29	7	—	—	36
Due to Primary Government	—	561	—	2	563
Compensated Absences	40	4	—	30	74
Bonds and Notes Payable	214	—	—	—	214
Total Current Liabilities	449	615	3	50	1,117
Non-Current Liabilities:					
Advance from Primary Government	—	517	—	—	517
Unearned Revenue	837	—	—	—	837
Deposits and Reserves	15,433	—	—	—	15,433
Compensated Absences	40	—	—	—	40
Bonds and Notes Payable	19,482	—	—	—	19,482
Net Pension Liability	1,124	557	—	617	2,298
Total Non-Current Liabilities	36,916	1,074	—	617	38,607
Total Liabilities	37,365	1,689	3	667	39,724
DEFERRED INFLOWS OF RESOURCES	38	14	—	8	60
NET POSITION					
Net Investment in Capital Assets	47,533	—	—	24	47,557
Restricted for:					
Other Purposes	6,789	12,042	77,221	—	96,052
Unrestricted	45,863	161	29,571	561	76,156
Total Net Position	\$ 100,185	\$ 12,203	\$ 106,792	\$ 585	\$ 219,765

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals June 30, 2017
Operating Revenues:					
Licenses, Fees, and Permits	\$ 983	\$ 153	\$ 52	\$ —	\$ 1,188
Interest on Receivables	865	—	1,205	—	2,070
Leases and Rentals	6,635	—	—	—	6,635
Cost Reimbursement/Miscellaneous	2,505	—	—	1	2,506
Total Operating Revenues	10,988	153	1,257	1	12,399
Operating Expenses:					
Personal Service	834	353	28	465	1,680
Operations	3,241	51	9	1,290	4,591
Specific Programs	—	650	—	—	650
Depreciation/Amortization	1,979	—	—	9	1,988
Bad Debt Expense	22	—	—	—	22
Other Charges	38	—	1	28	67
Total Operating Expenses	6,114	1,054	38	1,792	8,998
Operating Income (Loss)	4,874	(901)	1,219	(1,791)	3,401
Non-Operating Revenues (Expenses):					
Contributions and Intergovernmental	(14)	2,929	—	1,767	4,682
Investment Earnings:					
Increase (Decrease) in Fair Value of Investments	—	—	(480)	(2)	(482)
Interest	99	121	888	7	1,115
Interest Expense	(971)	(25)	—	—	(996)
Miscellaneous Revenues (Expenses)	—	—	(51)	—	(51)
Special Item	5,868	—	—	—	5,868
Total Non-Operating Revenues (Expenses)	4,982	3,025	357	1,772	10,136
Change in Net Position	9,856	2,124	1,576	(19)	13,537
Total Net Position - Beginning	90,329	10,079	105,216	604	206,228
Total Net Position - Ending	\$ 100,185	\$ 12,203	\$ 106,792	\$ 585	\$ 219,765

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2017
(In Thousands of Dollars)

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals June 30, 2017
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 8,063	\$ 153	\$ 1,311	\$ —	\$ 9,527
Loans to Outside Entities	—	375	5,234	—	5,609
Payments to Vendors and Suppliers	(3,408)	(84)	(8)	(1,289)	(4,789)
Payments for Employees	(749)	(283)	(28)	(392)	(1,452)
Payments Made for Program Expense	—	(650)	—	—	(650)
Net Payments/Receipts for Tax Credit Projects	(186)	—	—	—	(186)
Other Receipts	—	—	—	1	1
Other Payments	—	—	(1)	(28)	(29)
Net Cash Provided (Used) by Operating Activities	3,720	(489)	6,508	(1,708)	8,031
Cash Flows from Non-Capital Financing Activities:					
Loans Receivable Principal Receipts	10,446	—	—	—	10,446
Loans Receivable Issuance	(15,406)	—	—	—	(15,406)
Due to/from Primary Government	—	(386)	—	1	(385)
Advance to/from Primary Government	—	(613)	—	—	(613)
Contributions and Intergovernmental	(14)	2,929	—	1,767	4,682
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,974)	1,930	—	1,768	(1,276)
Cash Flows from Capital and Related Financing Activities:					
Interest Expense	(1,009)	(32)	—	—	(1,041)
Purchases and Construction of Capital Assets	(2,966)	—	—	(6)	(2,972)
Principal Payments on Capital Debt	(2,359)	—	—	—	(2,359)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,334)	(32)	—	(6)	(6,372)
Cash Flows from Investing Activities:					
Proceeds from Investment Maturities	19,854	—	43,267	—	63,121
Purchase of Investments	(18,585)	(4,252)	(41,973)	(208)	(65,018)
Interest	74	93	888	6	1,061
Investment Fees	—	—	(51)	—	(51)
Net Cash Provided (Used) by Investing Activities	1,343	(4,159)	2,131	(202)	(887)
Net Increase (Decrease) in Cash	(6,245)	(2,750)	8,639	(148)	(504)
Cash and Cash Equivalents, Beginning of Year	37,764	3,822	16,974	377	58,937
Cash and Cash Equivalents, End of Year	\$ 31,519	\$ 1,072	\$ 25,613	\$ 229	\$ 58,433
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 4,874	\$ (901)	\$ 1,219	\$ (1,791)	\$ 3,401
Depreciation/Amortization Expense	1,979	—	—	9	1,988
Changes in Assets and Liabilities:					
Accounts Receivable	(2,412)	—	—	—	(2,412)
Interest Receivable	(76)	—	54	—	(22)
Inventories	—	—	—	1	1
Deferred Outflows of Resources	(243)	(80)	—	(210)	(533)
Prepaid Items	55	—	—	—	55
Loans Receivable	—	375	5,234	—	5,609
Accounts Payable	(191)	(33)	1	—	(223)
Accrued Payroll	—	—	—	1	1
Deposit and Reserve	(531)	—	—	—	(531)
Compensated Absences	—	(15)	—	(1)	(16)
Unearned Revenue	(63)	—	—	—	(63)
Net Pension Liability	312	159	—	285	756
Deferred Inflows of Resources	16	6	—	(2)	20
Net Cash Provided (Used) by Operating Activities	\$ 3,720	\$ (489)	\$ 6,508	\$ (1,708)	\$ 8,031
Non-Cash Investing Activities:					
Increase (Decrease) in Fair Value of Investments	\$ —	\$ —	\$ (480)	\$ (2)	\$ (482)
Net Non-Cash Investing Activities	\$ —	\$ —	\$ (480)	\$ (2)	\$ (482)



*The **Statistical Section** presentations include Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information trends. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

STATE OF MISSOURI
STATISTICAL SECTION
June 30, 2017

Index and Overview

This part of the State's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Net Position by Component	213
Changes in Net Position	214
Fund Balances - Governmental Funds	216
Changes in Fund Balances - Governmental Funds	217

Revenue Capacity

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

Revenue Base - Taxable Sales by Industry	219
Revenue Base - Personal Income by Industry	220
Personal Income Tax Revenue	221
Personal Income Tax Rates	222
Revenue Payers by Industry	223
Personal Income Tax Filers/Liability	224

Debt Capacity

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Ratios of Outstanding Debt	225
Pledged Revenue Coverage	227

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Demographic Indicators	228
Economic Indicators	229
Principal Employers	230

Operating Information

These schedules contain operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

State Employees by Function	231
Operating Indicators by Function	232
Capital Asset Statistics by Function	234

Sources: Unless otherwise noted, the information in these schedules is derived from the State of Missouri Comprehensive Annual Financial Report for the years shown.

STATE OF MISSOURI
NET POSITION BY COMPONENT
FISCAL YEARS 2008-2017
(In Thousands of Dollars)

	2017	2016*	2015	2014	2013
Governmental Activities					
Net Investment in Capital Assets	\$ 29,814,122	\$ 29,255,865	\$ 28,791,258	\$ 28,485,327	\$ 28,166,290
Restricted	4,106,445	4,348,001	3,269,480	3,790,165	3,788,299
Unrestricted	(5,787,207)	(5,465,559)	(4,292,710)	(5,501,188)	(1,216,048)
Total Governmental Activities Net Position	<u><u>\$ 28,133,360</u></u>	<u><u>\$ 28,138,307</u></u>	<u><u>\$ 27,768,028</u></u>	<u><u>\$ 26,774,304</u></u>	<u><u>\$ 30,738,541</u></u>
Business-Type Activities					
Net Investment in Capital Assets	\$ 117,243	\$ 98,320	\$ 55,669	\$ 52,901	\$ 52,217
Restricted	3,635	6,104	4,588	4,889	5,630
Unrestricted	817,012	677,470	420,995	183,705	(117,891)
Total Business-Type Activities Net Position	<u><u>\$ 937,890</u></u>	<u><u>\$ 781,894</u></u>	<u><u>\$ 481,252</u></u>	<u><u>\$ 241,495</u></u>	<u><u>\$ (60,044)</u></u>
Primary Government					
Net Investment in Capital Assets	\$ 29,931,365	\$ 29,354,185	\$ 28,846,927	\$ 28,538,228	\$ 28,218,507
Restricted	4,110,080	4,354,105	3,274,068	3,795,054	3,793,929
Unrestricted	(4,970,195)	(4,788,089)	(3,871,715)	(5,317,483)	(1,333,939)
Total Primary Government Net Position	<u><u>\$ 29,071,250</u></u>	<u><u>\$ 28,920,201</u></u>	<u><u>\$ 28,249,280</u></u>	<u><u>\$ 27,015,799</u></u>	<u><u>\$ 30,678,497</u></u>
Continues Below					
	2012	2011*	2010	2009	2008
Governmental Activities					
Net Investment in Capital Assets	\$ 27,873,493	\$ 26,595,552	\$ 25,850,787	\$ 26,247,223	\$ 25,324,173
Restricted	3,898,340	4,339,603	3,907,120	3,537,444	6,003,212
Unrestricted	(1,865,908)	(1,159,743)	(940,675)	(1,260,231)	(2,327,482)
Total Governmental Activities Net Position	<u><u>\$ 29,905,925</u></u>	<u><u>\$ 29,775,412</u></u>	<u><u>\$ 28,817,232</u></u>	<u><u>\$ 28,524,436</u></u>	<u><u>\$ 28,999,903</u></u>
Business-Type Activities					
Net Investment in Capital Assets	\$ 50,081	\$ 50,291	\$ 45,990	\$ 48,442	\$ 42,360
Restricted	9,675	6,303	7,949	6,771	45,362
Unrestricted	(344,734)	(485,576)	(437,995)	(1,050)	329,265
Total Business-Type Activities Net Position	<u><u>\$ (284,978)</u></u>	<u><u>\$ (428,982)</u></u>	<u><u>\$ (384,056)</u></u>	<u><u>\$ 54,163</u></u>	<u><u>\$ 416,987</u></u>
Primary Government					
Net Investment in Capital Assets	\$ 27,923,574	\$ 26,645,843	\$ 25,896,777	\$ 26,295,665	\$ 25,366,533
Restricted	3,908,015	4,345,906	3,915,069	3,544,215	6,048,574
Unrestricted	(2,210,642)	(1,645,319)	(1,378,670)	(1,261,281)	(1,998,217)
Total Primary Government Net Position	<u><u>\$ 29,620,947</u></u>	<u><u>\$ 29,346,430</u></u>	<u><u>\$ 28,433,176</u></u>	<u><u>\$ 28,578,599</u></u>	<u><u>\$ 29,416,890</u></u>

*Fiscal year 2016 amounts have been restated.

**STATE OF MISSOURI
CHANGES IN NET POSITION
FISCAL YEARS 2008-2017
(In Thousands of Dollars)**

<u>Governmental Activities:</u>	2017	2016*	2015	2014
Expenses				
General Government	\$ 1,179,908	\$ 1,081,421	\$ 1,064,771	\$ 1,030,327
Education	7,094,386	6,902,930	6,680,646	6,430,861
Natural and Economic Resources	1,085,649	1,039,408	910,502	874,033
Transportation and Law Enforcement	2,196,580	1,913,379	1,861,116	1,823,578
Human Services	13,703,989	13,086,606	12,800,735	12,623,617
Interest on Debt (Excluding Direct Expense)	127,835	138,426	139,112	157,707
Total Expenses	25,388,347	24,162,170	23,456,882	22,940,123
Program Revenues				
Charges for Services:				
General Government	673,494	579,457	581,008	540,427
Transportation and Law Enforcement	228,547	230,685	228,093	232,176
Human Services	499,778	475,055	503,290	504,443
Other Activities	343,542	327,275	327,169	333,898
Operating Grants and Contributions	10,403,733	10,178,230	9,960,965	9,649,655
Capital Grants and Contributions	923,748	917,255	838,354	933,814
Total Program Revenues	13,072,842	12,707,957	12,438,879	12,194,413
Total Governmental Activities Net Program (Expense) Revenue	(12,315,505)	(11,454,213)	(11,018,003)	(10,745,710)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales and Use	3,267,442	3,112,912	3,142,387	2,925,867
Individual Income	6,648,917	6,324,548	6,418,379	5,718,801
Corporate Income	392,438	411,139	490,131	427,320
County Foreign Insurance	254,686	218,083	222,828	180,779
Alcoholic Beverage	32,764	30,913	32,101	30,370
Corporate Franchise	2,490	17,197	29,982	54,670
Fuel	667,639	640,934	656,893	629,105
Miscellaneous Taxes	680,886	663,797	668,955	605,247
Grants and Contributions not Restricted to Specific	62,173	58,971	76,276	73,637
Unrestricted Investment Earnings	11,440	26,468	24,721	35,040
Special Items	—	—	—	—
Extraordinary Items	—	—	—	(132)
Transfers	289,683	304,320	275,997	291,421
Total General Revenues and Other Changes in Net Position	12,310,558	11,809,282	12,038,650	10,972,125
Total Governmental Activities Change in Net Position	\$ (4,947)	\$ 355,069	\$ 1,020,647	\$ 226,415
<u>Business-Type Activities:</u>				
Expenses				
State Lottery	\$ 1,070,591	\$ 1,025,086	\$ 873,502	\$ 894,137
Unemployment Compensation	318,686	312,295	391,508	568,787
Petroleum Storage Tank Insurance	19,392	16,205	14,705	13,244
State Fair Fees	4,712	4,369	4,390	4,419
State Parks and DNR	12,272	8,395	8,264	9,417
Historic Preservation	1,247	577	741	334
Missouri Veterans' Homes	114,847	100,771	92,501	97,674
Surplus Property	2,523	2,590	3,169	2,528
Revenue Information	12	14	13	—
Total Expenses	1,544,282	1,470,302	1,388,793	1,590,540
Program Revenues				
Charges for Services:				
State Lottery	1,361,996	1,327,852	1,144,604	1,171,580
Other Activities	61,194	56,005	59,199	57,836
Operating Grants and Contributions	552,848	677,118	693,657	999,516
Total Program Revenues	1,976,038	2,060,975	1,897,460	2,228,932
Total Business-Type Activities Net Program (Expense) Revenue	431,756	590,673	508,667	638,392
General Revenues and Other Changes in Net Position				
Unrestricted Investment Earnings	13,156	11,420	3,591	2,029
Adjustments to Claims Reserve	—	2,500	—	17,223
Special Items	—	—	—	—
Extraordinary Items	(153)	—	—	—
Capital Contributions	920	—	—	—
Transfers	(289,683)	(304,320)	(275,997)	(291,421)
Total General Revenues and Other Changes in Net Position	(275,760)	(290,400)	(272,406)	(272,169)
Total Business-Type Activities Change in Net Position	\$ 155,996	\$ 300,273	\$ 236,261	\$ 366,223
Total Primary Government Change in Net Position	\$ 151,049	\$ 655,342	\$ 1,256,908	\$ 592,638

*Fiscal year 2016 amounts have been restated

2013	2012	2011	2010	2009	2008
\$ 1,063,418	\$ 1,029,012	\$ 1,089,731	\$ 1,129,030	\$ 1,182,233	\$ 1,210,044
6,368,472	6,373,757	6,536,907	6,815,521	6,589,358	6,379,189
933,019	1,053,949	935,078	1,082,526	1,043,449	1,006,560
1,924,306	2,021,423	2,529,791	2,699,070	2,375,104	2,258,653
12,335,625	12,299,493	11,713,021	11,740,145	10,898,796	9,876,132
161,386	207,906	199,948	196,413	210,342	174,011
22,786,226	22,985,540	23,004,476	23,662,705	22,299,282	20,904,589
698,300	883,228	705,914	875,161	756,969	775,528
250,898	239,684	267,875	319,941	400,842	400,134
554,365	459,517	550,690	653,463	531,250	363,644
351,193	285,725	314,375	380,133	369,976	277,190
9,702,624	9,889,453	9,802,842	9,489,240	8,317,356	7,697,736
1,039,043	1,096,052	1,814,207	1,454,811	966,394	971,801
12,596,423	12,853,659	13,455,903	13,172,749	11,342,787	10,486,033
(10,189,803)	(10,131,881)	(9,548,573)	(10,489,956)	(10,956,495)	(10,418,556)
2,883,852	2,705,002	2,570,243	2,572,491	2,635,068	2,871,465
5,833,306	5,116,876	4,878,166	4,840,809	5,169,741	5,447,817
429,797	378,444	394,389	360,764	377,801	463,826
175,212	167,969	182,679	171,497	177,393	186,566
30,294	28,652	27,247	27,657	26,689	27,754
51,444	61,389	70,743	82,182	82,114	82,360
648,989	620,074	1,833	233	2,671	3,073
630,228	623,414	1,210,758	1,207,501	1,160,700	1,173,076
120,380	244,859	889,742	1,301,531	499,542	196,397
(15,858)	21,525	23,281	28,870	69,339	136,782
—	(120)	—	—	—	—
—	—	—	—	—	—
290,900	300,608	255,908	258,947	257,441	264,416
11,078,544	10,268,692	10,504,989	10,852,482	10,458,499	10,853,532
\$ 888,741	\$ 136,811	\$ 956,416	\$ 362,526	\$ (497,996)	\$ 434,976
\$ 876,290	\$ 835,526	\$ 755,410	\$ 724,915	\$ 726,106	\$ 740,189
858,697	1,280,157	1,714,276	2,216,078	1,292,531	498,318
18,101	22,171	13,940	13,925	17,186	21,516
3,968	3,963	3,700	3,843	4,303	3,648
9,179	10,659	12,278	9,042	14,211	8,178
388	340	509	1,145	714	403
97,012	76,598	76,033	70,884	62,378	57,075
3,017	3,065	2,293	2,542	1,759	3,530
32	72	1,199	1,513	5,345	1,090
1,866,684	2,232,551	2,579,638	3,043,887	2,124,533	1,333,947
1,156,235	1,109,108	1,011,055	984,187	981,431	1,005,421
57,009	56,538	55,153	56,659	60,015	101,062
1,172,524	1,507,428	1,725,481	1,823,732	967,324	657,534
2,385,768	2,673,074	2,791,689	2,864,578	2,008,770	1,764,017
519,084	440,523	212,051	(179,309)	(115,763)	430,070
(3,138)	4,312	(1,050)	2,533	10,152	15,424
—	—	—	—	—	—
—	(224)	—	—	—	—
—	—	—	—	—	—
35	—	—	—	—	—
(290,900)	(300,608)	(255,908)	(258,947)	(257,441)	(264,416)
(294,003)	(296,520)	(256,958)	(256,414)	(247,289)	(248,992)
\$ 225,081	\$ 144,003	\$ (44,907)	\$ (435,723)	\$ (363,052)	\$ 181,078
\$ 1,113,822	\$ 280,814	\$ 911,509	\$ (73,197)	\$ (861,048)	\$ 616,054

STATE OF MISSOURI
FUND BALANCES - GOVERNMENTAL FUNDS
FISCAL YEARS 2008-2017
(In Thousands of Dollars)

	2017	2016*	2015	2014	2013	2012	2011
General Fund							
Nonspendable	\$ 54,304	\$ 58,712	\$ 53,809	\$ 50,504	\$ 56,048	\$ 61,207	\$ 42,906
Restricted	341,053	488,180	292,758	289,266	285,878	340,205	475,205
Committed	590,697	589,956	545,765	560,141	506,778	504,569	512,623
Assigned	156,557	78,096	158,390	73,625	67,277	63,484	59,783
Unassigned	295,364	238,735	349,901	244,821	530,431	195,193	325,123
Total General Fund	<u>1,437,975</u>	<u>1,453,679</u>	<u>1,400,623</u>	<u>1,218,357</u>	<u>1,446,412</u>	<u>1,164,658</u>	<u>1,415,640</u>
All Other Governmental Funds							
Nonspendable	99,051	97,027	1,243,039	1,170,054	1,126,253	1,077,138	1,016,981
Restricted	1,517,172	1,699,763	1,512,228	1,544,139	1,636,550	1,745,287	2,137,789
Committed	1,614,389	1,543,913	377,527	345,465	337,874	291,723	284,455
Assigned	422,110	430,901	425,256	400,668	370,090	367,261	339,192
Unassigned	(17,628)	—	—	—	—	—	—
Total All Other Governmental Funds	<u>3,635,094</u>	<u>3,771,604</u>	<u>3,558,050</u>	<u>3,460,326</u>	<u>3,470,767</u>	<u>3,481,409</u>	<u>3,778,417</u>
Total Fund Balances, Governmental Funds	<u>\$5,073,069</u>	<u>\$5,225,283</u>	<u>\$4,958,673</u>	<u>\$4,678,683</u>	<u>\$4,917,179</u>	<u>\$4,646,067</u>	<u>\$5,194,057</u>

Continues Below

	2010	2009	2008
General Fund			
Nonspendable	\$ 44,158	\$ —	\$ —
Restricted	186,737	—	—
Committed	534,620	—	—
Assigned	51,734	—	—
Unassigned	423,227	—	—
Reserved	—	589,532	584,516
Unreserved	—	716,371	1,310,239
Total General Fund	<u>1,240,476</u>	<u>1,305,903</u>	<u>1,894,755</u>
All Other Governmental Funds			
Nonspendable	986,201	—	—
Restricted	2,021,223	—	—
Committed	219,557	—	—
Assigned	355,202	—	—
Reserved	—	1,218,019	1,112,262
Unreserved, Reported			
Special Revenue	—	1,182,724	1,314,796
Capital Projects	—	540,554	927,694
Permanent Funds	—	124	116
Total All Other Governmental Funds	<u>3,582,183</u>	<u>2,941,421</u>	<u>3,354,868</u>
Total Fund Balances, Governmental Funds	<u>\$4,822,659</u>	<u>\$4,247,324</u>	<u>\$5,249,623</u>

*Fiscal year 2016 amounts have been restated.

**STATE OF MISSOURI
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEARS 2008-2017
(In Thousands of Dollars)**

	2017	2016*	2015	2014
Revenues:				
Taxes	\$ 11,877,303	\$ 11,550,222	\$ 11,302,267	\$ 10,549,046
Licenses, Fees, and Permits	678,045	685,115	653,218	654,416
Sales	9,035	9,002	11,905	12,308
Leases and Rentals	158	71	497	480
Services	122,531	116,133	105,066	111,280
Contributions and Intergovernmental	11,395,032	11,157,654	10,871,669	10,652,830
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	(10,530)	5,975	2,006	6,737
Interest	32,204	25,534	29,911	50,251
Penalties and Unclaimed Properties	97,125	72,435	131,384	74,642
Cost Reimbursement/Miscellaneous	568,130	492,593	525,729	507,763
Total Revenues	<u>24,769,033</u>	<u>24,114,734</u>	<u>23,633,652</u>	<u>22,619,753</u>
Expenditures:				
Current:				
General Government	884,641	886,172	869,266	844,854
Education	7,071,710	6,893,120	6,673,331	6,419,231
Natural and Economic Resources	896,485	913,667	833,441	831,495
Transportation and Law Enforcement	1,473,797	1,475,500	1,558,694	1,350,588
Human Services	13,629,856	13,037,667	12,761,134	12,447,706
Capital Outlay:				
General Government	14,057	2,474	—	34
Education	348	29	—	—
Natural and Economic Resources	2,027	246	—	—
Transportation and Law Enforcement	712,716	690,269	714,550	852,832
Human Services	54,915	37,384	1,354	—
Debt Service:				
Principal	436,938	292,521	285,627	256,221
Interest	159,977	166,000	166,672	187,123
Bond Issuance Costs	336	755	831	1,545
Underwriter's Discount	972	1,231	2,260	4,075
Arbitrage	—	—	—	—
Total Expenditures	<u>25,338,775</u>	<u>24,397,035</u>	<u>23,867,160</u>	<u>23,195,704</u>
Excess Revenues (Expenditures)	<u>(569,742)</u>	<u>(282,301)</u>	<u>(233,508)</u>	<u>(575,951)</u>
Other Financing Sources (Uses):				
Proceeds from Notes/Capital Leases	1,542	14,782	1,819	1,400
Capital Lease Termination Payment	—	—	—	—
Debt Issuance	—	—	—	—
Proceeds from General Obligation/Other	97,225	193,800	129,465	—
Issuance of Refunding Bonds	—	—	108,930	995,555
Swap Termination Payment	—	—	—	—
Payments to Escrow Agent	—	—	(121,020)	(1,177,908)
Bond Premium	5,877	17,810	18,622	195,638
Proceeds from Capital Asset Sale	20,305	18,394	11,137	13,867
Transfers In	297,229	310,842	285,468	304,688
Transfers Out	(5,598)	(6,010)	(9,547)	(12,763)
Total Other Financing Sources (Uses)	<u>416,580</u>	<u>549,618</u>	<u>424,874</u>	<u>320,477</u>
Net Change in Fund Balances	(153,162)	267,317	191,366	(255,474)
Increase (Decrease) in Reserve for Inventory	948	(707)	4,928	153
Net Change in Fund Balances	<u>\$ (152,214)</u>	<u>\$ 266,610</u>	<u>\$ 196,294</u>	<u>\$ (255,321)</u>
Debt Service as a Percentage of Non-Capital Expenditures	2.45%	1.96%	1.99%	2.02%

*Fiscal year 2016 amounts have been restated.

2013	2012	2011	2010	2009	2008
\$ 10,557,831	\$ 9,956,574	\$ 9,398,840	\$ 8,987,066	\$ 9,503,743	\$ 10,220,623
647,233	647,130	630,944	637,078	657,725	638,048
10,261	8,827	10,131	8,917	10,301	12,064
1,212	313	665	934	448	438
115,219	119,076	155,498	243,998	244,557	231,509
10,860,366	11,230,111	12,500,062	12,265,891	9,763,754	8,865,962
(25,606)	6,392	(53)	1,734	(9,565)	6,172
27,839	33,068	34,496	44,954	103,068	203,782
112,951	51,591	54,812	60,284	48,730	64,004
687,609	745,602	662,070	963,030	739,288	507,021
22,994,915	22,798,684	23,447,465	23,213,886	21,062,049	20,749,623
884,342	886,309	883,953	889,467	952,780	1,021,589
6,351,934	6,363,447	6,525,986	6,809,217	6,582,393	6,373,671
856,133	934,767	832,855	974,260	894,815	853,872
1,406,509	1,627,620	1,758,410	1,814,485	1,515,903	1,429,102
12,162,029	12,320,259	11,627,776	11,632,371	10,829,000	9,835,109
8	—	1	5	—	—
—	—	—	—	—	—
—	—	—	—	—	—
963,001	1,115,457	1,253,100	1,409,557	1,308,229	1,144,171
—	—	—	4	306	3,133
216,017	212,483	242,497	227,307	219,496	196,669
189,920	208,518	225,858	209,428	191,684	186,432
920	606	1,552	8,101	1,278	2,694
2,423	2,074	437	—	—	390
—	—	42	374	583	—
23,033,236	23,671,540	23,352,467	23,974,576	22,496,467	21,046,832
(38,321)	(872,856)	94,998	(760,690)	(1,434,418)	(297,209)
712	1,776	6,300	6,675	26,317	52,245
—	—	—	—	—	(22,559)
—	—	—	1,085,000	142,735	576,800
—	—	—	—	—	—
441,690	163,145	312,960	—	—	—
—	—	—	—	—	(11,118)
(486,904)	(168,589)	(351,599)	—	—	—
48,276	7,944	40,468	30,631	2,835	28,361
19,310	16,864	14,703	12,938	11,087	13,142
312,595	300,699	255,959	259,810	258,568	266,263
(21,846)	(144)	—	(738)	(902)	(6,476)
313,833	321,695	278,791	1,394,316	440,640	896,658
275,512	(551,161)	373,789	633,626	(993,778)	599,449
(4,402)	4,135	(2,389)	(279)	(105)	(2,251)
\$ 271,110	\$ (547,026)	\$ 371,400	\$ 633,347	\$ (993,883)	\$ 597,198
1.85%	1.89%	2.14%	1.99%	1.96%	1.96%

**STATE OF MISSOURI
REVENUE BASE - TAXABLE SALES BY INDUSTRY
FISCAL YEARS 2008-2017**

Taxable Sales by Industry	2017	2016	2015	2014	2013
Agricultural/Forestry, Fishing, and Other	\$ 259,105,220	\$ 245,772,867	\$ 240,000,494	\$ 236,474,690	\$ 215,327,746
Mining	110,484,032	106,659,795	87,523,595	76,102,321	72,364,854
Construction	1,788,629,305	1,677,123,560	950,357,972	903,053,231	837,805,800
Manufacturing	4,758,144,850	4,686,174,181	4,512,551,497	4,452,723,181	4,122,180,876
Transportation and Public Utilities	7,991,327,737	7,941,221,199	8,150,393,880	8,296,512,631	7,865,266,716
Wholesale Trade	9,478,033,276	9,258,220,896	8,772,153,165	8,355,874,187	8,201,088,643
Retail Trade	52,013,596,266	50,710,170,965	48,945,156,057	46,883,720,342	45,955,834,897
Finance, Insurance, and Real Estate	675,498,078	639,535,606	459,394,721	428,174,408	555,096,635
Services	10,958,489,216	10,508,298,419	10,167,703,650	9,615,517,898	9,242,131,446
State and Local Government	137,361,580	130,923,934	149,553,253	196,281,904	164,729,390
Non-Classifiable	13,251,530	12,784,255	12,193,479	13,389,207	19,041,853
Total Taxable Sales	\$ 88,183,921,090	\$ 85,916,885,677	\$ 82,446,981,763	\$ 79,457,824,000	\$ 77,250,868,856
Direct Sales Tax Rate	4.225%	4.225%	4.225%	4.225%	4.225%

Continues Below

Taxable Sales by Industry	2012	2011	2010	2009	2008
Agricultural/Forestry, Fishing, and Other	\$ 221,013,601	\$ 201,234,995	\$ 202,810,606	\$ 209,980,903	\$ 192,024,683
Mining	74,803,209	73,001,501	85,194,876	88,867,589	106,892,575
Construction	861,403,612	794,578,753	786,022,254	889,561,095	887,618,876
Manufacturing	3,761,027,682	2,916,005,779	2,994,039,718	3,203,288,128	2,995,302,916
Transportation and Public Utilities	7,836,415,362	8,377,819,035	8,347,862,197	8,247,781,684	7,130,631,754
Wholesale Trade	8,205,030,046	7,636,707,697	5,708,391,048	7,019,606,804	8,028,332,745
Retail Trade	45,578,697,317	43,451,150,211	42,667,031,160	44,820,794,586	46,413,720,906
Finance, Insurance, and Real Estate	577,095,000	573,590,035	562,957,084	592,136,070	538,271,852
Services	9,239,885,195	8,712,983,898	8,676,719,865	8,648,622,385	9,212,468,960
State and Local Government	167,737,492	150,984,890	135,174,330	158,765,152	162,520,783
Non-Classifiable	15,869,773	13,130,346	14,230,874	21,079,516	19,669,233
Total Taxable Sales	\$ 76,538,978,289	\$ 72,901,187,140	\$ 70,180,434,012	\$ 73,900,483,912	\$ 75,687,455,283
Direct Sales Tax Rate	4.225%	4.225%	4.225%	4.225%	4.225%

Source: Missouri Department of Revenue

**STATE OF MISSOURI
REVENUE BASE - PERSONAL INCOME BY INDUSTRY
CALENDAR YEARS 2007-2016**

**Personal Income by Industry
(In Thousands of Dollars)**

	2016	2015	2014	2013	2012
Farm Earnings	\$ 829,415	\$ 722,021	\$ 3,786,857	\$ 1,626,591	\$ 1,257,121
Agricultural/Forestry, Fishing, and Other	457,108	451,862	394,686	397,546	319,736
Mining	320,915	345,512	450,247	531,506	533,997
Construction/Utilities	12,748,129	11,973,872	12,039,804	11,722,352	11,021,154
Manufacturing	20,542,795	20,483,723	19,405,898	18,638,481	18,223,989
Transportation and Public Utilities	6,957,284	6,937,566	6,632,242	6,641,733	6,329,830
Wholesale Trade	10,831,422	11,063,357	10,168,424	9,614,681	9,401,253
Retail Trade	11,785,062	11,618,585	11,353,713	11,045,743	10,981,844
Finance, Insurance, and Real Estate	15,456,673	15,873,119	14,637,085	13,981,286	13,577,510
Services	78,239,644	77,566,750	75,021,866	73,357,863	70,695,009
Federal, Civilian	5,677,270	5,566,826	5,370,947	5,170,204	5,326,901
Military	1,879,387	1,889,251	1,906,989	2,165,907	2,087,494
State and Local Government	22,256,414	21,860,748	21,611,208	21,013,029	20,951,836
Total Personal Income	\$ 187,981,518	\$ 186,353,192	\$ 182,779,966	\$ 175,906,922	\$ 170,707,674
Total Direct Personal Income Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%

Continues Below

**Personal Income by Industry
(In Thousands of Dollars)**

	2011	2010	2009	2008	2007
Farm Earnings	\$ 2,321,629	\$ 1,523,983	\$ 1,591,091	\$ 2,376,908	\$ 1,374,784
Agricultural/Forestry, Fishing, and Other	297,657	333,875	276,120	303,227	305,046
Mining	504,777	395,522	388,211	502,316	440,499
Construction/Utilities	10,551,329	10,588,278	11,331,673	12,516,453	12,386,303
Manufacturing	17,303,819	16,746,171	17,442,057	20,134,090	19,030,882
Transportation and Public Utilities	5,957,783	5,732,126	5,809,413	6,293,608	6,255,137
Wholesale Trade	8,969,791	8,721,745	8,658,427	9,231,605	9,027,671
Retail Trade	10,654,925	10,506,522	10,416,435	10,570,173	10,617,610
Finance, Insurance, and Real Estate	12,587,314	12,244,442	11,816,812	11,670,581	11,183,515
Services	67,723,434	65,813,475	64,334,920	67,549,088	63,543,402
Federal, Civilian	5,399,812	5,440,528	5,151,679	5,351,539	5,011,544
Military	2,151,087	2,185,296	2,318,306	2,595,583	2,323,860
State and Local Government	20,783,859	21,026,890	20,830,621	18,813,044	17,853,285
Total Personal Income	\$ 165,207,216	\$ 161,258,853	\$ 160,365,765	\$ 167,908,215	\$ 159,353,538
Total Direct Personal Income Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%

Source: Bureau of Economic Analysis

**STATE OF MISSOURI
PERSONAL INCOME TAX REVENUE
FISCAL YEARS 2007-2016**

Personal Income Tax Revenue	2017	2016	2015	2014	2013
Personal Income Tax Revenue	\$ 7,331,004,490	\$ 7,182,257,124	\$ 6,904,280,506	\$ 6,421,723,597	\$ 6,374,093,816
Personal Income (Federal AGI)	\$ 308,516,717,209	\$ 295,120,344,327	\$ 272,999,790,569	\$ 286,579,465,435	\$ 238,522,413,855
Taxable Income	\$ 233,037,149,447	\$ 223,319,685,253	\$ 204,984,460,785	\$ 215,915,208,076	\$ 176,397,991,056
Average Effective Rate:					
Federal Adjusted Gross Taxable Income	2.38%	2.43%	2.53%	2.24%	2.67%
	3.15%	3.22%	3.37%	2.97%	3.61%

Continues Below

Personal Income Tax Revenue	2012	2011	2010	2009	2008
Personal Income Tax Revenue	\$ 5,851,270,707	\$ 5,641,812,271	\$ 5,495,341,696	\$ 5,949,266,333	\$ 6,119,090,558
Personal Income (Federal AGI)	\$ 232,336,289,876	\$ 206,107,657,668	\$ 214,909,582,160	\$ 254,573,370,206	\$ 242,481,271,497
Taxable Income	\$ 170,827,410,945	\$ 147,407,200,244	\$ 124,489,765,954	\$ 188,091,389,476	\$ 172,825,313,183
Average Effective Rate:					
Federal Adjusted Gross Taxable Income	2.52%	2.74%	2.56%	2.34%	2.52%
	3.43%	3.83%	4.41%	3.16%	3.54%

Note: Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. When total revenues exceed the limit, tax refunds are generated.

Source: Missouri Department of Revenue

**STATE OF MISSOURI
PERSONAL INCOME TAX RATES
FISCAL YEARS 2008-2017**

**Ranges of Tax Rates
on the Portion of
Taxable Income
(In Thousands of Dollars)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tax Rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Income Levels	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2
Tax Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Income Levels	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3
Tax Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Income Levels	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4
Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Income Levels	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5
Tax Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Income Levels	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6
Tax Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Income Levels	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7
Tax Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Income Levels	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8
Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Income Levels	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9
Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Income Levels	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+

Note: Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. When total revenues exceed the limit, tax refunds are generated

Source: Missouri Department of Revenue

**STATE OF MISSOURI
REVENUE PAYERS BY INDUSTRY
FISCAL YEARS 2008-2017**

Sales Tax	2017	%	2016	%	2015	%
Agricultural	\$ 10,947,196	0.29%	\$ 10,383,904	0.36%	\$ 10,140,021	0.29%
Mining	4,667,950	0.13%	4,506,376	0.16%	3,697,872	0.11%
Construction	75,569,588	2.03%	37,780,540	1.31%	40,152,624	1.15%
Manufacturing	201,031,620	5.40%	192,230,237	6.67%	190,655,301	5.47%
Transportation & Utilities	337,633,597	9.06%	330,960,635	11.49%	344,354,141	9.89%
Wholesale Trade	400,446,906	10.75%	261,477,270	9.07%	370,623,471	10.64%
Retail Trade	2,197,574,442	58.98%	1,568,702,724	54.44%	2,067,932,843	59.37%
Finance, Insurance, & Real Estate	28,539,794	0.77%	25,446,129	0.88%	19,409,427	0.56%
Services	462,996,169	12.43%	443,975,608	15.41%	429,585,479	12.33%
Government	5,803,527	0.16%	5,531,536	0.19%	6,318,625	0.18%
Non-Classifiable	559,877	0.01%	540,135	0.02%	515,174	0.01%
Total	\$ 3,725,770,666	100.00%	\$ 2,881,535,094	100.00%	\$ 3,483,384,978	100.00%
	2014	%	2013	%	2012	%
Agricultural	\$ 9,991,056	0.30%	\$ 9,097,597	0.28%	\$ 9,337,825	0.29%
Mining	3,215,323	0.09%	3,057,415	0.09%	3,160,435	0.10%
Construction	38,153,999	1.14%	35,397,295	1.08%	36,394,303	1.13%
Manufacturing	188,127,554	5.60%	174,162,142	5.34%	158,903,420	4.91%
Transportation & Utilities	350,527,659	10.44%	332,307,519	10.18%	331,088,549	10.24%
Wholesale Trade	353,035,684	10.52%	346,495,995	10.62%	346,662,519	10.72%
Retail Trade	1,980,837,184	59.00%	1,941,634,024	59.49%	1,925,699,962	59.55%
Finance, Insurance, & Real Estate	18,090,369	0.54%	23,452,833	0.72%	24,382,264	0.75%
Services	406,255,631	12.10%	390,480,054	11.96%	390,385,149	12.07%
Government	8,292,910	0.25%	6,959,817	0.21%	7,086,909	0.22%
Non-Classifiable	565,694	0.02%	804,518	0.03%	670,498	0.02%
Total	\$ 3,357,093,063	100.00%	\$ 3,263,849,209	100.00%	\$ 3,233,771,833	100.00%
	2011	%	2010	%	2009	%
Agricultural	\$ 8,502,179	0.27%	\$ 8,568,748	0.29%	\$ 8,871,693	0.28%
Mining	3,084,313	0.10%	3,599,484	0.12%	3,754,656	0.12%
Construction	33,570,952	1.09%	33,209,440	1.12%	37,583,956	1.20%
Manufacturing	123,201,244	4.00%	126,498,178	4.27%	135,338,923	4.34%
Transportation & Utilities	353,962,854	11.49%	352,697,178	11.90%	348,468,776	11.16%
Wholesale Trade	322,650,900	10.48%	241,179,522	8.13%	296,578,387	9.50%
Retail Trade	1,835,811,096	59.60%	1,802,682,066	60.80%	1,893,678,571	60.65%
Finance, Insurance, & Real Estate	24,234,179	0.79%	23,784,937	0.80%	25,017,749	0.80%
Services	368,123,570	11.95%	366,591,414	12.36%	365,404,296	11.70%
Government	6,379,112	0.21%	5,711,115	0.19%	6,707,828	0.22%
Non-Classifiable	554,757	0.02%	601,254	0.02%	890,610	0.03%
Total	\$ 3,080,075,156	100.00%	\$ 2,965,123,336	100.00%	\$ 3,122,295,445	100.00%
	2008	%				
Agricultural	\$ 8,113,043	0.25%				
Mining	4,516,211	0.14%				
Construction	37,501,898	1.17%				
Manufacturing	126,551,548	3.96%				
Transportation & Utilities	301,269,192	9.42%				
Wholesale Trade	339,197,058	10.61%				
Retail Trade	1,960,979,708	61.32%				
Finance, Insurance, & Real Estate	22,741,986	0.71%				
Services	389,226,814	12.17%				
Government	6,866,503	0.22%				
Non-Classifiable	831,025	0.03%				
Total	\$ 3,197,794,986	100.00%				

Source: Missouri Department of Revenue

**STATE OF MISSOURI
PERSONAL INCOME TAX FILERS/LIABILITY
FISCAL YEARS 2008 AND 2017**

Personal Income*

	2017			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,228,949	71.52%	\$ 1,297,317,648	19.11%
\$50,000 - \$100,000	900,033	19.93%	1,793,912,492	26.42%
\$100,000 - \$250,000	296,671	6.57%	1,444,527,080	21.27%
\$250,000 - \$1,000,000	71,749	1.59%	1,041,424,240	15.34%
\$1,000,000 and over	17,636	0.39%	1,212,758,690	17.86%
Total	4,515,038	100.00%	\$ 6,789,940,150	100.00%

	2008			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,471,050	78.35%	\$ 1,427,983,764	26.48%
\$50,000 - \$100,000	705,977	15.94%	1,450,514,807	26.89%
\$100,000 - \$250,000	188,582	4.26%	927,440,015	17.20%
\$250,000 - \$1,000,000	50,598	1.14%	752,972,135	13.96%
\$1,000,000 and over	13,731	0.31%	834,665,186	15.48%
Total	4,429,938	100.00%	\$ 5,393,575,907	100.00%

*Federal Adjusted Gross Income

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available.
The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

Source: Missouri Department of Revenue

STATE OF MISSOURI
RATIOS OF OUTSTANDING DEBT
FISCAL YEARS 2008-2017
(In Thousands of Dollars Except Per Capita)

	2017	2016	2015	2014
Governmental Activities				
General Obligation Bonds	\$ 154,830	\$ 208,880	\$ 266,275	\$ 323,395
Other Bonds	2,943,825	3,207,400	3,226,430	3,303,700
Leasehold Revenue Bonds	27,310	28,770	30,170	31,515
Certificates of Participation	26,770	39,770	52,560	65,160
Capital Leases	45,736	61,846	51,729	66,270
Total Governmental Activities	\$ 3,198,471	\$ 3,546,666	\$ 3,627,164	\$ 3,790,040
Business-Type Activities				
Capital Leases	\$ 128	\$ 304	\$ 477	\$ 215
Total Business-Type Activities	\$ 128	\$ 304	\$ 477	\$ 215
Total Primary Government	\$ 3,198,599	\$ 3,546,970	\$ 3,627,641	\$ 3,790,255
Personal Income	\$ 261,547,770	\$ 257,338,334	\$ 252,482,438	\$ 245,771,389
Debt as a Percentage of Personal Income ¹	1.2%	1.4%	1.4%	1.5%
Debt Per Capita ¹	\$ 526	\$ 583	\$ 598	\$ 627
Legal Debt Margin Calculation for Fiscal Year 2016:				
General Obligation Bonds Authorized (Legislative Debt Limit)	\$ 1,726,395			
Unforeseen Emergency or Casual Deficiency	1,000			
Less: General Obligation Issued	(1,489,494)			
Legal Debt Margin	\$ 237,901			
Legal Debt Margin Summary by Fiscal Year:				
Legislative Debt Limit	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395
Total Net Debt Applicable to Limit	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)
Legal Debt Margin	\$ 237,901	\$ 237,901	\$ 237,901	\$ 237,901
Legal Debt Margin to Debt Limit Ratio	13.78%	13.78%	13.78%	13.78%

¹ These ratios are calculated using personal income and population for the calendar year.
See *Demographic Indicators* for personal income and population data.

2013	2012	2011	2010	2009	2008
\$ 378,150	\$ 432,765	\$ 487,090	\$ 528,910	\$ 600,075	\$ 666,165
3,562,775	3,735,920	3,880,975	4,060,855	3,102,685	3,084,670
32,995	32,780	33,880	34,935	35,955	36,935
76,910	76,910	76,910	87,550	96,235	105,325
75,535	78,455	103,543	97,423	113,147	108,815
<u>\$ 4,126,365</u>	<u>\$ 4,356,830</u>	<u>\$ 4,582,398</u>	<u>\$ 4,809,673</u>	<u>\$ 3,948,097</u>	<u>\$ 4,001,910</u>
<u>\$ 284</u>	<u>\$ 356</u>	<u>\$ 66</u>	<u>\$ 116</u>	<u>\$ 210</u>	<u>\$ 244</u>
<u>\$ 284</u>	<u>\$ 356</u>	<u>\$ 66</u>	<u>\$ 116</u>	<u>\$ 210</u>	<u>\$ 244</u>
<u>\$ 4,126,649</u>	<u>\$ 4,357,186</u>	<u>\$ 4,582,464</u>	<u>\$ 4,809,789</u>	<u>\$ 3,948,307</u>	<u>\$ 4,002,154</u>
\$ 235,153,679	\$ 228,218,407	\$ 218,778,293	\$ 216,049,019	\$ 223,548,498	\$ 209,131,189
1.8%	1.9%	2.1%	2.2%	1.8%	1.9%
\$ 685	\$ 725	\$ 764	\$ 807	\$ 666	\$ 680
\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395
(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)
<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>
13.78%	13.78%	13.78%	13.78%	13.78%	13.78%

**STATE OF MISSOURI
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2008-2017
(In Thousands of Dollars)**

Fiscal Year	Gross Revenues ¹	Less: Operating Expenses ²	Net Available Revenues	Debt Service		Coverage ³
				Principal	Interest	
Missouri Road Fund						
2017	\$ 1,852,570	\$ 388,116	\$ 1,464,454	\$ 190,770	\$ 103,917	5
2016	1,831,126	372,800	1,458,326	168,470	111,751	5.2
2015	1,721,615	373,739	1,347,876	169,550	114,878	4.7
2014	1,773,033	348,537	1,424,496	162,050	130,641	4.9
2013	1,822,318	333,327	1,488,991	153,525	135,511	5.2
2012	1,761,382	342,240	1,419,142	133,190	140,202	5.2
2011	2,237,700	305,649	1,932,051	137,015	146,326	6.8
2010	1,760,497	281,320	1,479,177	88,285	128,851	6.8
2009	997,990	279,971	718,019	84,896	113,591	3.6
2008	1,049,645	279,823	769,822	62,515	105,117	4.6

N/A = not available

¹ Revenues for Missouri Road Fund consist of a portion of the taxes and fees received by the State from the motor fuel tax, sales tax on motor vehicles, use tax on motor vehicles, revenue derived from motorists for their usage of the highways of the State, federal grants, and bond proceeds.

² Operating Expenses do not include depreciation/amortization.

³ Coverage equals net available revenue divided by debt service.

Source: Missouri Department of Transportation

**STATE OF MISSOURI
DEMOGRAPHIC INDICATORS
CALENDAR YEARS 2007-2016**

	2016	2015	2014	2013	2012
Population					
Missouri (In Thousands)	6,093	6,084	6,064	6,044	6,022
Change	0.1%	0.3%	0.3%	0.4%	0.2%
National (In Thousands)	323,128	321,419	318,857	316,129	313,914
Change	0.5%	0.8%	0.9%	0.7%	0.7%
Total Personal Income					
Missouri					
(In Thousands of Dollars)	\$ 261,547,770	\$ 257,338,334	\$ 252,482,438	\$ 245,771,389	\$ 235,153,679
Change	1.6%	1.9%	2.7%	4.5%	3.0%
National					
(In Thousands of Dollars)	\$15,912,777,000	\$15,463,981,000	\$14,683,147,000	\$14,151,427,000	\$13,401,868,693
Change	2.9%	5.3%	3.8%	5.6%	3.5%
Per Capita Personal Income					
Missouri	\$ 42,926	\$ 42,300	\$ 41,639	\$ 40,663	\$ 39,049
Change	1.5%	1.6%	2.4%	4.1%	2.8%
National	\$ 49,246	\$ 48,112	\$ 46,049	\$ 44,765	\$ 42,693
Change	2.4%	4.5%	2.9%	4.9%	2.7%
Resident Civilian Labor Force					
Civilian Labor Force					
(In Thousands)	3,112	3,114	3,058	3,018	2,993
Employed (In Thousands)	2,971	2,958	2,871	2,821	2,785
Unemployed (In Thousands)	141	156	187	197	207
Unemployment Rate	4.5%	5.0%	6.1%	6.5%	6.9%
National Unemployment Rate	4.9%	5.3%	6.2%	7.4%	8.1%

Continues Below

	2011	2010	2009	2008	2007
Population					
Missouri (In Thousands)	6,011	5,996	5,961	5,924	5,888
Change	0.3%	0.6%	0.6 %	0.6%	0.8%
National (In Thousands)	311,592	309,330	306,772	304,094	301,231
Change	0.7%	0.8%	0.9 %	1%	1%
Total Personal Income					
Missouri					
(In Thousands of Dollars)	\$ 228,218,407	\$ 218,778,293	\$ 216,049,019	\$ 223,548,498	\$ 209,131,189
Change	4.3%	1.3%	(3.4)%	6.9%	5.2%
National					
(In Thousands of Dollars)	\$12,949,905,000	\$12,308,496,000	\$11,916,808,000	\$12,451,599,000	\$11,900,562,000
Change	5.2%	3.3%	(4.3)%	4.6%	5.7%
Per Capita Personal Income					
Missouri	\$ 37,969	\$ 36,406	\$ 36,243	\$ 37,737	\$ 35,521
Change	4.3%	0.4%	(4)%	6.2%	4.4%
National	\$ 41,560	\$ 39,791	\$ 38,846	\$ 40,947	\$ 39,506
Change	4.4%	2.4%	(5.1)%	3.6%	4.7%
Resident Civilian Labor Force					
Civilian Labor Force					
(In Thousands)	3,022	3,053	3,051	3,046	3,050
Employed (In Thousands)	2,767	2,767	2,768	2,861	2,896
Unemployed (In Thousands)	255	286	283	186	155
Unemployment Rate	8.4%	9.4%	9.3 %	6.1%	5.1%
National Unemployment Rate	8.9%	9.6%	9.3 %	5.8%	4.6%

Sources: Bureau of Economic Analysis, Missouri Economic Research and Information Center, Bureau of Labor Statistics

**STATE OF MISSOURI
ECONOMIC INDICATORS
CALENDAR YEARS 2007-2016**

	2016-17	2015-16	2014-15	2013-14	2012-13
School Enrollment (In Thousands)					
Elementary and Secondary Education	884	885	886	888	888
Higher Education - Private Institutions	92	93	95	90	91
Total Enrollment (In thousands)	976	978	981	978	979
% Change from Prior Year	-0.2%	-0.3%	0.3%	-0.1%	-0.5%
Higher Education					
Public Community Colleges					
Number of Campuses	19	19	19	19	19
Number of Students (FTE*)	57,568	57,247	61,671	65,773	67,721
State Technical College					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	1,226	1,273	1,276	1,325	1,236
State Colleges/Universities					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	119,127	121,827	121,358	118,669	118,055

Continues Below

	2011-12	2010-11	2009-10	2008-09	2007-08
School Enrollment (In Thousands)					
Elementary and Secondary Education	886	890	892	893	894
Higher Education - Private Institutions	98	95	93	89	88
Total Enrollment	984	985	985	982	982
% Change from Prior Year	-0.1%	0.0%	0.3%	0.0%	-0.2%
Higher Education					
Public Community Colleges					
Number of Campuses	19	19	20	19	19
Number of Students (FTE*)	70,964	70,320	65,034	56,365	54,900
State Technical College					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	1,161	1,133	1,116	976	891
State Colleges/Universities					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	117,609	114,655	112,539	108,159	106,056

*FTE is Full-Time Equivalent.

Sources: Missouri Department of Elementary and Secondary Education and Missouri Department of Higher Education

**STATE OF MISSOURI
PRINCIPAL EMPLOYERS
CALENDAR YEARS 2007 AND 2016**

2016

Employer	Number of Employees	Percent of Total State Employment
State of Missouri ¹	56,000	1.89%
Wal-Mart Associates, Inc.	40,000+	1.35%
MHM Support Services	20,000 - 25,000	0.67% - 0.84%
University of Missouri	20,000 - 25,000	0.67% - 0.84%
Washington University	15,000 - 20,000	0.50% - 0.67%
US Post Office	15,000 - 20,000	0.50% - 0.67%
Boeing Corporation	12,500 - 15,000	0.42% - 0.50%
Cerner Corporation	7,500 - 10,000	0.25% - 0.34%
Barnes-Jewish Hospitals	7,500 - 10,000	0.25% - 0.34%
U.S. Department of Veterans Affairs	7,500 - 10,000	0.25% - 0.34%
Total	201,000 - 231,000	6.75% - 7.78%
Total Missouri Employment		2,970,702

2007

Employer	Number of Employees	Percent of Total State Employment
State of Missouri ¹	63,000	2.19%
Wal-Mart Associates, Inc.	40,000+	1.39%
University of Missouri	20,000 +	0.69%
US Post Office	15,000 - 20,000	0.52% - 0.69%
Boeing Corporation	10,000 - 15,000	0.35% - 0.52%
Washington University	10,000 - 15,000	0.35% - 0.52%
Schnuck Markets, Inc.	7,500 - 10,000	0.26% - 0.35%
Barnes-Jewish Hospitals	7,500 - 10,000	0.26% - 0.35%
U.S. Department of Defense	7,500 - 10,000	0.26% - 0.35%
City of St. Louis	7,500 - 10,000	0.26% - 0.35%
Total	188,000 - 213,000	6.53% - 7.40%
Total Missouri Employment		2,878,399

All figures are based on a calendar-year average.

¹Number of state employees includes only full-time personnel and does not include college or university employees.

Sources: Missouri Economic Research and Information Center, State of Missouri CAFR-Fiscal Year 2008, State Employee Headcount report

**STATE OF MISSOURI
STATE EMPLOYEES BY FUNCTION
FISCAL YEARS 2008-2017
FULL-TIME EQUIVALENTS***

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Legislature	663	670	667	671	670	683	703	725	716	719
Judiciary	3,558	3,543	3,519	3,530	3,470	3,369	3,393	3,626	3,755	3,731
Public Defender	579	577	573	575	565	595	578	570	558	555
Governor	18	21	22	23	26	28	32	33	24	32
Lt. Governor	6	7	6	5	5	6	6	6	6	6
Secretary of State	217	235	233	228	244	244	253	261	272	277
State Auditor	109	108	113	113	111	116	116	119	124	128
State Treasurer	46	45	46	49	48	49	50	49	51	51
Attorney General	351	359	373	376	363	350	371	408	420	451
Office of Administration	1,907	1,881	1,871	1,933	2,132	2,161	2,139	2,040	2,091	2,046
Revenue	1,289	1,283	1,288	1,347	1,344	1,364	1,383	1,421	1,487	1,523
Total General Government	8,743	8,729	8,711	8,850	8,978	8,965	9,024	9,258	9,504	9,519
Education										
Elementary and Secondary Education	2,555	2,663	2,639	2,678	2,631	2,714	2,635	2,662	2,760	2,650
Higher Education	55	57	57	57	64	61	65	75	73	67
Total Education	2,610	2,720	2,696	2,735	2,695	2,775	2,700	2,737	2,833	2,717
Natural and Economic Resources										
Agriculture	476	495	495	464	456	467	535	617	494	479
Insurance, Financial Institutions and Professional Registration	762	770	765	762	759	755	744	734	741	748
Conservation	1,898	1,871	1,895	1,896	1,901	1,872	1,894	1,982	2,085	2,065
Economic Development	812	800	810	786	822	891	947	1,019	994	1,024
Labor and Industrial Relations	742	796	827	881	967	998	987	924	777	810
Natural Resources	1,981	2,023	1,974	2,075	2,047	2,042	1,934	1,903	2,121	2,102
Total Natural and Economic Resources	6,671	6,755	6,766	6,864	6,952	7,025	7,041	7,179	7,212	7,228
Transportation and Law Enforcement										
Transportation	5,545	5,444	5,591	5,502	5,410	5,804	6,399	6,970	6,969	6,961
Public Safety	5,316	5,240	5,193	5,220	5,320	5,309	5,281	5,336	5,412	5,294
Total Transportation and Law Enforcement	10,861	10,684	10,784	10,722	10,730	11,113	11,680	12,306	12,381	12,255
Human Services										
Health and Senior Services	1,831	1,825	1,830	1,793	1,798	1,753	1,706	1,826	1,927	1,885
Mental Health	7,728	7,605	7,742	8,076	8,101	8,089	8,256	8,961	9,613	9,500
Social Services	6,735	6,952	7,147	7,145	7,244	7,371	7,562	8,138	8,584	8,624
Corrections	10,866	10,929	11,051	11,069	10,880	10,864	10,990	11,175	11,364	11,020
Total Human Services	27,160	27,311	27,770	28,083	28,023	28,077	28,514	30,100	31,488	31,029
State Total	56,045	56,199	56,727	57,254	57,378	57,955	58,959	61,580	63,418	62,748

*Based on a four quarter average.

Source: Office of Administration, Division of Accounting, Statewide Indirect Cost Allocation Plan

**STATE OF MISSOURI
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2008-2017**

	2017	2016	2015	2014
General Government				
Individual Income Tax Returns Processed (In Thousands)	3,060	3,098	3,058	2,848
Sales and Use Tax Returns Processed (In Thousands)	707	707	705	703
Driver Licenses Processed (In Thousands)	1,487	1,123	1,600	1,415
Motor Vehicle Registrations Processed (In Thousands)	3,770	3,993	4,479	4,215
Audit Reports Issued	147	135	143	150
Statewide Court Filings (In Thousands)	2,098	2,370	2,624	2,652
Archives Website Hit				
Secretary of State Web Page (In Thousands)	28,714	18,232	72,045	87,436
Checks Issued (In Thousands)	1,592	1,697	1,550	1,363
Unclaimed Property Returned (In Thousands)	\$ 44,369	\$ 42,038	\$ 41,720	\$ 40,042
Education				
High School Drop Out Rate	2.4%	2.5%	2.5%	2.8%
Accredited Elementary and Secondary School Districts*	512	518	507	507
Clients Achieving Employment after Vocational Rehabilitation Services	60.1%	60.9%	61.7%	60.0%
Student Loan Recovery Rate	26.04%	23.3%	26.4%	31.2%
Scholarships/Grants Awarded to Eligible Missouri Residents (In Thousands)	\$ 129,623	\$ 119,948	\$ 111,342	\$ 107,413
Natural and Economic Resources				
Job Placement Rate of Unemployed Individuals that Registered on MissouriCareerSource Web Page	64.9%	65.7%	60.7%	56.0%
Insurance Policies Filed Electronically	100.0%	99.7%	99.5%	99.4%
Initial Unemployment Claims (In Thousands)	239	259	295	355
International Export Certificates Issued	8,110	6,773	7,926	6,453
Hunting License Holders (In Thousands)	603	607	610	612
Visitors to Missouri State Parks and Historic Sites (In Thousands)	21,273	19,205	18,568	17,468
Transportation and Law Enforcement				
Methamphetamine Labs Seized	11	7	70	129
State - Licensed Fire Safety Inspections	18,459	19,459	13,434	15,348
Buildings Served by Missouri Capitol Police	71	74	72	72
Alcohol Licenses Issued	32,319	31,404	31,400	30,743
Missouri Major Roads Rated in Good	90.0%	90.4%	89.2%	89.7%
Difference Between Awarded and Actual Transportation Construction Costs	0.1%	1.1%	0.6%	0.8%
Human Services				
Medicaid Enrollees	983,835	982,776	944,257	825,974
Food Stamp Recipients	754,062	782,374	844,851	839,734
Doses of Vaccine Issued by Vaccines for Children Providers (In Thousands)	1,243	1,226	1,174	1,192
Incarcerated Offenders	32,537	32,837	32,284	31,905
Individuals Served in State Comprehensive Psychiatric Service Facilities	1,652	1,683	1,628	1,649

*Department of Elementary and Secondary Education presented no accreditation classifications to the Board of Education during fiscal year 2013. Charter schools are not included in the statistics.

Sources: State agencies

2013	2012	2011	2010	2009	2008
2,945	2,969	2,917	2,877	2,946	3,013
730	760	773	785	772	788
1,308	1,208	1,160	1,090	1,179	964
4,050	3,905	3,828	3,844	3,502	3,866
146	123	168	151	101	91
2,685	2,565	2,525	2,359	2,322	2,196
98,233	91,257	70,384	53,835	79,599	46,085
1,722	1,971	2,216	2,465	2,667	2,807
\$ 39,509	\$ 38,239	\$ 36,373	\$ 35,014	\$ 26,672	\$ 34,531
3.0%	3.5%	4.0 %	4.1 %	3.9%	4.2%
	506	510	510	511	512
62.7%	61.0%	56.0 %	61.0 %	67.1%	67.7%
34.2%	36.5%	30.0 %	28.2 %	30.5%	36.4%
\$ 104,265	\$ 97,077	\$ 91,146	\$ 98,593	\$ 108,981	\$ 89,728
55.4%	55.2%	58.2 %	57.9 %	64.0%	66.0%
99.4%	99.5%	96.0 %	96.0 %	94.7%	50.0%
364	427	502	582	565	396
7,819	7,821	6,301	4,924	3,865	2,904
606	593	588	592	591	580
18,093	17,846	16,363	15,891	15,307	15,577
244	274	340	245	165	274
15,680	15,177	11,487	10,603	11,008	11,998
72	72	73	75	83	82
30,723	30,498	29,960	29,051	28,437	28,199
88.5%	88.1%	85.8 %	86.5 %	83.4%	78.0%
0.5%	0.2%	(0.4)%	(1.9)%	1.1%	0.9%
868,226	889,159	897,306	892,691	850,722	833,112
927,927	943,835	949,136	909,139	827,639	899,332
1,385	1,354	1,420	1,384	1,317	1,360
31,408	31,057	30,771	30,418	30,476	30,803
1,694	1,716	2,170	4,120	6,759	6,882

**STATE OF MISSOURI
CAPITAL ASSET STATISTICS
BY FUNCTION
FISCAL YEARS 2008-2017**

	2017	2016	2015	2014
General Government				
Parcels of Land	21	21	20	20
Land Improvements	61	61	59	58
Square Footage of Buildings	1,066,968	1,068,854	1,032,098	1,035,704
Equipment	39,396	36,159	34,548	35,055
Software	2,717	2,260	1,961	1,625
Education				
Parcels of Land	31	31	31	31
Land Improvements	55	56	54	54
Square Footage of Buildings	157,190	156,710	136,074	136,203
Equipment	4,249	4,357	5,039	6,286
Trademarks	1	1	1	1
Natural and Economic Resources				
Parcels of Land	880	847	835	826
Land Improvements	456	427	426	408
Temporary Easements	1	1	1	1
Square Footage of Buildings	582,846	582,847	574,076	575,485
Equipment	14,535	15,168	26,859	34,028
Software	91	80	68	57
State Parks and Historic Sites	91	88	87	87
State Conservation Areas	1,198	1,190	1,186	1,189
Transportation and Law Enforcement				
Parcels of Land	620	623	628	650
Land Improvements	486	476	474	439
Permanent Easements	674	638	593	548
Temporary Easements	542	654	797	867
Square Footage of Buildings	183,676	181,743	179,183	181,880
Equipment	72,030	67,114	67,103	66,095
Software	798	710	616	529
Miles of State Highway	33,856	33,873	33,892	33,890
State-Owned Bridges and Culverts	10,394	10,394	10,376	10,371
Highway Patrol Stations	9	9	9	9
Human Services				
Parcels of Land	81	81	81	81
Land Improvements	178	174	175	173
Square Footage of Buildings	916,936	917,901	926,098	924,164
Equipment	36,481	41,777	43,545	44,712
Software	86	82	70	59
Correctional Facilities	29	29	30	30

Source: State of Missouri capital asset records by agency.

2013	2012	2011	2010	2009	2008
20	20	20	20	21	21
50	40	38	38	37	37
1,014,621	1,006,449	1,013,314	1,011,732	1,015,214	1,001,281
36,050	35,651	35,316	35,333	36,813	35,171
826	293	213	168	88	---
31	31	31	31	31	31
54	46	43	43	32	31
140,159	136,465	136,465	133,494	135,230	135,230
6,175	6,102	5,984	5,911	6,031	6,010
1	1	1	---	---	---
826	826	825	824	823	815
386	328	324	323	325	323
1	1	1	1	---	---
602,174	611,550	616,729	622,181	622,285	625,779
35,159	35,064	36,097	36,881	38,807	41,145
51	36	20	12	3	---
87	85	85	85	85	84
1,197	1,193	1,196	1,179	1,169	1,165
682	790	805	819	831	836
420	349	307	264	245	198
467	382	254	221	---	---
875	833	961	1,086	---	---
180,140	175,664	175,138	164,119	164,119	151,533
65,813	66,994	67,649	67,959	67,100	65,074
429	358	202	146	---	---
33,885	33,845	33,702	33,639	33,676	33,685
10,364	10,405	10,405	10,335	10,249	10,276
9	9	9	9	9	9
81	83	83	83	84	84
168	161	157	154	130	118
919,900	900,749	924,380	932,827	952,117	962,710
46,221	50,229	63,442	70,684	78,543	91,178
32	28	13	10	7	---
30	30	30	30	30	28

STATE OF MISSOURI
ACKNOWLEDGEMENTS

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